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**Leader Narratives in Scottish  
Banking:  
An Aristotelian Approach.**

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**PhD**

**2014**

**Leader Narratives in Scottish  
Banking:  
An Aristotelian Approach.**

**Angus Robson**

A thesis submitted in partial fulfilment of  
the requirements of the University of  
Northumbria for the degree of Doctor of  
Philosophy

Research undertaken in the Faculty of  
Business and Law.

May 2014

# Acknowledgements

I would like to thank all those who have assisted me on my PhD journey:

Helen, Zoe and Hannah have supported me in my decision to return to full-time study, and have been patient with my ramblings at the dinner table.

My fellow PhD students have shared their trials and discoveries, and have helped me to become part of a research community.

Dr Johan Coetsee and Dr Nicola Patterson helped me with their diligent and perceptive contributions on the supervisory team.

Dr Sandra Corlett, Professor Philip Shrives, Professor John Fenwick and other senior academics in the faculty gave guidance and advice through development programmes, annual reviews and preparation for oral examination.

My examining team, Dr Diane Sloan, Dr Christopher Lutz and Professor Russell Keat treated me as an equal – a great compliment.

My conversation partners – the Scottish bankers – were generous with their time, their reminiscences and their opinions. They gave me such great stories: I hope I have done them justice.

Lastly, I owe a particular debt of gratitude to Professor Ron Beadle. Without his enthusiasm and commitment I would not have rediscovered virtue ethics and would not have had this second chance to pursue moral philosophy. Thank you Ron.

## **Abstract of the Thesis**

The banking sector has been under public scrutiny since the credit crisis of 2007/8, and a range of diagnoses and cures have been offered, particularly in terms of regulatory and financial structures. In the public media, much comment has been made about ethics in the sector, but this has provoked surprisingly little response from academic researchers. This thesis explores the crisis in banking as a moral one, taking Alasdair MacIntyre's account of virtue ethics as a framework for understanding the careers of Scottish banking leaders.

The method used for the study is narrative, and depends both on MacIntyre's philosophy of tradition-constituted enquiry, and on Hans-Georg Gadamer's hermeneutics. Conversations were held with ten leaders of Scottish banking whose careers typically span between 25 and 40 years, and the record of those conversations forms the primary data set for the research.

The resulting narratives are frank, rich descriptions of deeply felt changes in a particular mode of working life. This was a way of life characterised up until the 1980s by a well-defined status within local communities, professional expertise and a well-ordered tradition. The deregulation of banking and subsequent structural and technological changes to retail banking services eroded that professional tradition, and replaced it with new modes of work dominated by institutional priorities of sales, profit and growth, rather than by an ethic of professional expertise and customer service.

The thesis finds that there are structural barriers to the recovery of a professional ethic in banking. It offers new perspectives on the work of Alasdair MacIntyre, particularly in the application of his idea of traditions to mainstream economic activity. It also explores common ground between Gadamer and MacIntyre, proposing ways in which both philosophers can enhance our pursuit of qualitative empirical research.

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## **Declaration**

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved. Approval has been sought and granted by the Faculty Ethics Committee on 18 July 2012.

I declare that the word count of this thesis is 84,350 words.

Name:

Signature:

Date:

# **Chapter 1: Introduction**

## **1.1 Introduction**

A great deal of importance has been attached in public policy and public media to ethical problems in the banking sector in the UK (Parliamentary Commission on Banking Standards, 2013). Policy discussions have been directly connected with the banking crisis of 2007/8, and have concerned particularly questions of how the banks are run, their professional ethics, structures and regulation.

The level of interest among the public and politicians concerning ethics in banking has not been matched by academia, and in the period since the financial crisis, academic output on the topic of marketing in banking has outweighed output on the topic of ethics in banking by a factor of fifty to one. This research focusses on the history of ethics in the banking sector in the years leading up to and since the crisis, particularly from the perspective of professional ethics.

## **1.2 The aim and objectives of the research**

The aim of this research is:

To explore the moral narratives of Leaders in Scottish banking from the perspective of Alasdair MacIntyre's Aristotelian philosophy.

This aim is developed further in the following objectives:

- To review the work of Alasdair MacIntyre, his critics and supporters, in respect of the applicability of his work to empirical research in professional ethics.
- To explore MacIntyre's philosophy in relation to Aristotelian virtue ethics more broadly, in order to generate an approach to ethics in empirical research which is both Aristotelian and MacIntyrean.
- To theorise a synthesis of MacIntyre's moral philosophy and Gadamer's hermeneutics in order to gather and interpret empirical evidence in practical ethics.
- To interpret empirical data in order to explore the moral thinking of banking leaders through a framework of Aristotelian ethics as developed by MacIntyre.

- To propose practical contributions to policy concerning professional ethics in banking, based on Aristotelian premises.
- To examine whether empirical findings may contribute to the development of MacIntyrean enquiry.

The aim and objectives are further focused by a central research question:

*'Is Scottish banking a corrupted practice?'*

The development of this question is explored further at Section 3.10 on method.

### **1.3 Context**

The practical context of this research is the professional lives of Scottish bankers over the last thirty years. The research looks at the way that leaders in Scottish banking understand how it has changed over a period that includes the relative stability of the 1970s, deregulation in the 1980s, radical restructuring of Scottish banks in the 1990s and the credit crisis and consequent collapse of banks in the 2000s. The participants in the research are or were themselves leaders in Scottish banking, and most have more than 25 years of experience to draw on. Their accounts are therefore first-hand, detailed and authoritative.

As a profession, banking is still in turmoil as result of the crisis of 2007/8 and subsequent continuing ethical scandals, and questions are being asked in public debate about whether there really is a profession of banking, how trust can be re-established and how standards can be improved (Gapper, 2014; YouGov-Cambridge, 2013). This is of particular concern to the Chartered Banker Institute, based in Edinburgh, and several senior Members and Fellows of the Institute have been helpful in conducting the research.

The theoretical context of this thesis is the application of MacIntyre's Aristotelian philosophy to empirical research in the banking sector. The literature review concentrates on MacIntyre's philosophy directly, offering some criticism of his work where appropriate, and the design of the research method is based on MacIntyre's epistemology together with a reading of Hans-Georg Gadamer's hermeneutics. Since the objectives of the research include a specific goal of applying MacIntyre's philosophy to empirical research, there is no reliance on the many often conflicting constructs available for applied business ethics in organisation theory. The intention is to run a coherent tradition of moral philosophy straight into the primary data, so to speak, rather than relying on intermediate theories in social science.

## 1.4 Rationale

The rationale for investigating the field of ethics in Scottish banking through the framework of MacIntyre's philosophy is partly a matter of the existing state of the literature and partly a matter of the personal history of the researcher.

Since the publication of *After Virtue* in 1981, MacIntyre's version of practical philosophy has been much discussed, and a number of commentators have produced valuable work in interpreting and developing his ideas, particularly from the perspective of philosophy, ethics, politics and sociology. A list of references here could be very long, but particularly influential in this research have been those who have either sought to understand MacIntyre's work comprehensively, or to focus on his Aristotelianism or his applicability to organisation theory. They include: Beadle (2002), Beadle and Moore (2011), Knight (2008a), Lutz (2004) and Moore (2008).

The field of empirical enquiry in organisation studies following MacIntyre's philosophy is more recent, but growing, with studies being produced on working practices in circuses, high street pharmacies and health services (Beadle, 2013; Moore, 2012a; Conroy, 2009). Much work remains to be done to develop this aspect of MacIntyrean enquiry, and there are two broad goals to be achieved in relation to theory and to practice. In relation to theory, MacIntyre (2013) at all times emphasises that practice leads ethical theory, and that moral philosophy is founded in our everyday moral lives. It follows that reflection on practice has the potential to enhance our understanding of MacIntyre's work, to critique it and to develop it further. The current thesis aims to contribute in this way by providing data from empirical research in the mainstream economy. In relation to practice, although there has been some academic writing on banking ethics in general, there has been very little work conducted on professional ethics in banking. Two of the very few papers directly related to the topic are MacIntyrean ones (Graafland and van de Ven, 2011; van de Ven, 2011), and they act as a point of departure for the current research.

The personal history of the researcher is relevant both to the choice of theoretical perspective and to the choice of empirical context. The author of this thesis undertook a first degree in Classics at Oxford in the early 1980s, around the time that *After Virtue* was published. The degree majored in philosophy and in Greek and Latin literature. The philosophy taught in the final two years of the course aimed to cover a) key ancient texts, including Plato's *Republic* and Aristotle's *Nicomachean Ethics*, b) Logic, including *Metaphysics* and *Epistemology*, c) Moral and Political Philosophy (University of Oxford, 1980). This meant that the author had a philosophical grounding at least

partly in Aristotle, and it meant that he was trained in the practice of hermeneutics, even though hermeneutics as philosophy was not taught in the curriculum.

The curriculum included the philosophers of modern liberalism and emotivism and, by the time he graduated, the experience that the author had had of reading moral philosophy was similar to that described by MacIntyre (1988, p. 400) of the humanities in general. 'So the student characteristically emerges from a liberal education with a set of skills, a set of preferences, and little else, someone whose education has been as much a process of deprivation as of enrichment.' The judgement is harsh, but nevertheless perceptive<sup>1</sup>. MacIntyre himself followed a curriculum of Latin and Greek, literature, philosophy and history at school and university, and he articulates the theme from a more personal viewpoint in an interview with Giovanna Borradori:

'The reading that first my undergraduate, and then my graduate studies required of me only accentuated the incoherence of my beliefs. I read Aquinas as well as Aristotle. Sometimes I would find myself thinking about justice in an Aristotelian or Thomistic way, sometimes in a modern liberal way, without recognizing the full extent of my own incoherence.' (MacIntyre 1998c, p.257)

The author is therefore in sympathy with the basic problem of modern moral philosophy as MacIntyre experienced it and with the solution to that problem which he finds in a specific tradition.

The career history of the author is also relevant. After graduating he worked in the finance sector for several years before leaving that work to teach. His time in finance in the 1980s included working for a Japanese bond trading operation in the City of London and for a pension fund management company in Edinburgh. Neither of these contexts were considered to be 'banking' at that time, though now both jobs could be undertaken in the central offices of most large banks and the general public now uses the term 'banker' to describe these and similar jobs as well as the more traditional high street retail and commercial bankers of the past. This phase of the author's career does not make him part of the group being researched, but it does give him some

---

<sup>1</sup> My point of agreement with MacIntyre here is that at the end of four years of study of the humanities, with a particular emphasis on western philosophy, I was in no way better able to make overall sense of my moral reasoning than when I had started. I could dissect it, analyse it and argue it forwards and backwards better than I could before, but no overall answers had been discovered. Moreover, one thing at least was made clear to me, that the only way for me to decide between the various competing systems of moral reasoning on offer was through personal preference. No amount of additional study would change this basic state of affairs, and philosophy could be of no further help to me as a practical discipline. This was as much true of epistemology and metaphysics as it was of ethics.

degree of insight into their professional lives, some experience of the finance sector in Edinburgh, and some understanding of at least the basics of financial language.

## **1.5 The form of the argument**

This thesis is intended to offer an exploration of the way that ethics operates in banking which is an alternative approach to much research in applied business ethics. There is, for instance, no attempt in this thesis to use constructs of organisational theory regarding ethics and leadership such as authentic leadership (Gardner, Avolio, Luthans, May, Walumbwa, 2005; Gardner, Cogliser, Davis and Dickens, 2011) or transformational leadership (Bass and Steidlmeier, 1999; Christie, Barling and Turner, 2011). Rather the research explores ethics in banking directly through the framework of Aristotelian ethics, and particularly MacIntyre's articulation of that tradition.

Consequently, rather than giving space in the literature review to a survey of competing theories of business ethics or ethical leadership, this thesis concentrates in its opening chapters on key concepts in MacIntyre's philosophy and other aspects of Aristotelian tradition. This includes an exploration of Gadamer's hermeneutics. The emphasis throughout is on attempting to understand well a particular philosophical position, and to apply it directly to the research, in respect of theory, method and discussion.

Participants in this research were knowledgeable and frank in their views, and the data gathered through interviews has been rich. As far as possible that data is used directly in the chapters on findings, though there are limitations due to the space available and for reasons of confidentiality. A history of professional ethics emerges which is complex and coherent, despite the sometimes chaotic and rapidly changing structural environment through which it moves.

The procedure of the research is interpretive and hermeneutic, and its content is gathered and presented in narrative form. Arguments are made, particularly in the final chapters of the thesis concerning both practice and theory. In other words, what has been learned about practical moral lives through empirical research is used to inform reflection on moral theory, and moral theory is used to reflect on practical ethical issues. Conclusions are drawn which are provisional in nature, in keeping with MacIntyre's understanding of the status of social theory.

## 1.6 The structure of the thesis

**Chapter 2** on MacIntyrean enquiry aims to review and position MacIntyre's philosophy as a guide to empirical research in ethics. This includes discussion of Aristotelian concepts of goods and virtues together with MacIntyre's specific developments of practices and traditions. A justification is given of the choice of MacIntyre's work as the theoretical base for the research.

Key topics include traditions and practices, the way that goods are understood within practices and the way that practices relate to institutions. Consideration is given to MacIntyre's critics, particularly from an Aristotelian perspective, and this is used to position his work in relation to the broader field of Aristotelian philosophy. Further Aristotelian concepts are introduced including the unity of the virtues and the distinction between virtues and skills. When Gadamer is introduced later, in Chapter 3, it is as a fellow Aristotelian, also engaged in practical philosophy and also with a fundamental interest in tradition.

**Chapter 3** develops a method based on MacIntyre's epistemology and on Gadamer's hermeneutics. The sections of the chapter dealing with epistemology are organised as 'six principles of enquiry':

- Moral enquiry is constituted in relation to particular traditions;
- Narrative is both a medium of discovery and a medium for reporting;
- Plain persons are also moral philosophers;
- Claims to truth are provisional;
- All understanding is conditioned by culturally established prejudgements;
- Conversation is a paradigm for understanding.

The sections on method develop the implications of these six principles for the design and implementation of the research including data collection through genuine conversations, and the role of hermeneutics and narrative in interpreting and presenting findings.

**Chapter 4** presents findings in the form of a chronological narrative, beginning with banking before the impact of the deregulation of the UK banking system in the 1980s and charting the transition from traditional banking in Scotland – 'old banking' as it is termed here – to a new style of banking which developed in the 1990s. This narrative falls into three phases: 'old banking' which is recounted by the participants from the 1960s through to the 1980s; the ascendancy of 'new banking' in the 1990s; and the crisis in new banking in 2007/8.



**Chapter 5** provides a number of interpretive narratives of the same material, this time based on key themes of MacIntyre's moral philosophy: tradition, practice and virtue. These are over-arching concepts which provide a context for the exploration of other themes such as conflict, resistance and constancy. The implications of this interpretation for theory and practice are introduced.

**Chapter 6** takes the themes which have been evident Chapters 4 and 5, and explores them from the perspective of MacIntyre's writing, drawing out their applicability to the empirical data and the way that the concepts work together to enhance our understanding of the moral narratives of this group of bankers. It also considers a number of questions related to virtue ethics which are more generally Aristotelian, including the unity of the virtues and the relationship between virtues and skills. The current state of banking in Scotland as a practice is discussed, its apparent decline and possible futures.

**Chapter 7** concludes the thesis with a summary of the main argument and discussion of key contributions to theory and practice. Tradition is proposed as the ground not only of moral enquiry but also of empirical research in a MacIntyrean mode. The applicability of MacIntyre's philosophy to the context is discussed, along with the progress made in viewing MacIntyre's work alongside Gadamer's hermeneutics. The findings on the state of ethics in banking in Scotland are summarised and the practical implications discussed. Finally the limitations of the research are explained and some future avenues for further research proposed.

## **Chapter 2: MacIntyrean enquiry**

### **2.1 Introduction**

The aim of this chapter is to review the work of Alasdair MacIntyre, his critics and supporters, in order to understand how his work can be applied to empirical research in professional ethics and how it is positioned in relation to Aristotelian ethics more broadly. This brings into the foreground of the thesis core Aristotelian concepts of goods and virtues viewed together with MacIntyre's work on practices and traditions, and asks how these concepts help us to understand the narratives of leaders in Scottish banking.

Most of the chapter which follows is therefore devoted to MacIntyre. Sections 2.2 and 2.3 examine the appropriateness of MacIntyre's work as an approach to the current research and position his moral philosophy in relation to academic ethics generally and Aristotelian ethics more specifically. Sections 2.4 to 2.8 then cover key topics in MacIntyre's thought which are relevant to empirical enquiry, including the notion of a practice, the way that goods are understood within practices and the way that practices relate to institutions. The topic of traditions is introduced briefly (and explored further in Chapter 3). These sections are closely focused on MacIntyre's own writings, and attempt to adhere as much as possible to key passages from his work. In order to do so, extended quotations are given which are then discussed in the relevant section and further quotations introduced as appropriate. These quotations are rather long in some cases, but this is necessary because MacIntyre's language is precise and technical, and his arguments, like his sentence structures, are at times intricate and closely connected over an extended passage.

Section 2.9 deals with some of MacIntyre's critics, noting where critics have already been answered by MacIntyre's supporters and discussing some other criticisms more directly where these are less answered in the existing literature. The current enquiry remains an Aristotelian one and criticisms of two leading Aristotelians in particular, Terence Irwin and Julia Annas are explored. In Section 2.10, some further concepts in Aristotelian ethics are summarised which have less of a profile in discussions of MacIntyre's work, but which are essential as background to this research. Section 2.11 then gives a brief overview of the current state of empirical research in MacIntyrean enquiry, and relates the field to the context of ethics in banking.

## 2.2 Why MacIntyre?

‘The manager represents in his character the obliteration of the distinction between manipulative and non-manipulative social relations... The manager treats ends as given, as outside his scope; his concern is with technique, with effectiveness in transforming raw materials into final products, unskilled labor into skilled labor, investment into profits.’ (MacIntyre, 2007, p.30)

This research project aims to explore the professional ethics of leaders in Scottish banking from the perspective of MacIntyre’s Aristotelian philosophy. The purpose of doing so is to provide a firm grounding in virtue ethics, and thereby to avoid some of the conceptual confusion which sometimes surrounds social science approaches to ethics in leadership studies and in business studies more widely (Ciulla, 1998; Ciulla, 2005; Kellerman, 2004). Consequently this chapter focuses on MacIntyre’s work, rather than, for instance, reviewing the literature of any broad field in organisation theory such as ethical leadership (Brown, Trevino and Harrison, 2005; Neubert, Carlson, Kacmar, Roberts and Chonko, 2009), which is a large literature in its own right, or ethics in banking (Paulet, 2011; Watkins, 2011), a large topic and a surprisingly small literature.

But why MacIntyre? Why start here, with a philosopher so apparently hostile to the business manager?

Alasdair MacIntyre is a key figure in ethics. His most widely read book, *After Virtue*, has attracted a great deal of academic attention, and has made him one of the most influential contemporary Anglophone moral philosophers (D’Andrea, 2006; Solomon, 2003). He has had a major influence on the development of virtue ethics in management theory (Beabout, 2012; Beadle, 2002; Beadle, 2006; Horvath, 1995; Moore, 2008). A search of Web of Science conducted on 29 April 2014 returned 22 academic papers on the topic of ‘Alasdair MacIntyre’ in the research area of Business and Economics. This compared with 55 for John Rawls, 9 for Martha Nussbaum and 8 for Peter Singer. A range of perspectives on MacIntyre’s work are available in organisation studies, including several contributions from those specifically engaged in MacIntyrean empirical enquiry (Beadle, 2013; Moore, 2012; Kempster, Jackson and Conroy, 2011), as well as critical voices (Dobson, 2009). What is not in dispute among these authors is the very significant impact that MacIntyre has had on academic approaches to business ethics.

MacIntyre’s stance towards management, particularly management in a commercial or bureaucratic sense, is deeply critical (Beadle, 2002; Kavanagh, 2012; Moore, 2008),

and for some unrealistically hostile or pessimistic (Holt, 2006; Moore, 2008).

MacIntyre's (1994) *Kinesis* interview leaves no room for doubt about the severity of his views, which extend to all manner of business management, and particularly the management of money. 'Financial management, together with a great many other business and commercial practices, generates illusion. [...] [This is] not only an area in which people are systematically deceived, it's an area in which people are systematically corrupted' (MacIntyre, 1994, p.40). He goes on to say that one financial manager, who was jailed for a misdemeanour and protested that he was just doing his job, was quite right. 'That doesn't mean to say he shouldn't be in prison. It probably means that many other financial managers should be there too' (MacIntyre, 1994, p.40).

Rather than being a barrier to basing research on his philosophy, this critical stance in fact proves to be a significant strength, particularly in the context of banking. In the aftermath of the banking crisis of 2007/8 there has been a wave of public criticism of banking, banks and bankers (Whittle, 2012). MacIntyre not only provides a sound basis in moral philosophy for criticism, but is one of the few moral philosophers who holds the prospect of distinguishing between these three: banking, bankers and banks. Many of the questions of public criticism of the banking sector as a whole revolve around the question of exactly what is being criticised. Is it bankers who are the problem? Is it deregulated and overly complex global banks that are the problem? Is it a particular variety of capitalism (Keat, 2008b) which is to blame? These questions are frequently formulated as moral issues in political debate and in the academic press (Fourcade, Steiner, Streeck and Woll, 2013), but very few academic authors have addressed these problems with clarity and fewer still have focused to any meaningful degree on the link between ethics in banking and banking as a profession. The only authors to focus on this link with any clarity are van de Ven (2011) and Graafland and van de Ven (2011), who write explicitly from a MacIntyrean perspective.

It seems, on a first view, that MacIntyre may enable a fresh perspective to be taken on problems of ethics and leadership in banking, and one which is well founded in moral philosophy. The question then arises: What kind of moral philosophy is that?

### **MacIntyre as Aristotelian**

One of MacIntyre's great strengths as an author is that he fits neatly into no ready-made category. His thought has developed over more than a half century of publishing, and has spanned Marxism, Aristotelianism and Thomism (Knight, 1998; Lutz, 2014). These movements in his thought can strike even his admirers as 'surprising' (Solomon, 2003), and MacIntyre himself has no hesitation in correcting himself when his views

change (Preface to *Whose Justice? Which Rationality?*, MacIntyre, 1988). Even the genre of his work is something of a challenge, being a mixture of analytical philosophy and history, which can leave both analytical philosophers and historians frustrated (D'Andrea, 2006).

Since MacIntyre (1998c) has repudiated Marxism, it is as an Aristotelian and a Thomist that he must be approached in his major works. His development from secular Aristotelian to Thomistic Aristotelian is most evident in the move from *After Virtue* to *Whose Justice? Which Rationality?*. A problem of interpretation is therefore created for those wishing to make use of MacIntyre's work; he is most obviously a Thomist (Lutz, 2004) but can also still be approached as a secular Aristotelian, and his writing is for the most part directed towards the articulation of an ethics based on Aristotelian notions of a good life lived in human society, not one dependent on a theistic world view. This was his position in *Can Medicine Dispense with a Theological Perspective on Human Nature?* (MacIntyre, 1977a) and, even though his own religious affiliation changed and he has since written freely on theological topics, his mature work in moral philosophy maintains this position. As a moral philosopher, he is available alike to theist and atheist. What does not change, from whichever angle one approaches MacIntyre, is that he is controversial. This is certainly true for MacIntyre's position as an Aristotelian. Leading Aristotelian scholars including Nussbaum, Irwin and Annas have taken issue with MacIntyre in a number of respects and most especially in response to his book, *Whose Justice? Which Rationality?*, and this is explored further in Section 2.9 below.

The current thesis aims to approach MacIntyre as an Aristotelian. Where relevant, it seeks to ground MacIntyre's thought in Aristotle, and only refers to Thomas Aquinas where this adds clarity (for instance on the question of the unity of the virtues). This is an important qualification on the scope of the study: approaching the research from the perspective of Thomism would lead to a very different project. This thesis also aims to approach MacIntyre critically, and to that end the work of a number of other Aristotelians is used in constructing a theoretical framework for empirical enquiry. Broadly these authors fall into three main groups.

First, the theoretical basis of this thesis draws on Aristotle directly, together with contemporary secular Aristotelian philosophers and commentators, including Julia Annas, Philippa Foot, Bernard Williams, Roger Crisp and Hans-Georg Gadamer. Crisp's (2000) translation of the *Nicomachean Ethics* is used throughout, and Gadamer's *Truth and Method* provides an important second strand for the foundation of the methodology of this research alongside MacIntyre. This thesis also draws on

Thomistic Aristotelians including Peter Geach, Christopher Lutz and Jean Porter. For the purposes of this research no great difficulty has been encountered in comparing the views of secular and Thomistic Aristotelians. Aristotelians are a broad church, and on the few occasions where Aquinas is referred to directly in this study, this is usually in response to Foot, who describes herself as 'card carrying atheist' (Foot, 2009, p.93) but draws almost as much on Aquinas as on Aristotle. Lastly, there are a number of commentators and students of MacIntyre writing from perspectives of sociology and particularly organisation theory who have been influential in understanding how to apply MacIntyre's thought to empirical enquiry; these include particularly Ron Beadle and Geoff Moore.

The bulk of the literature review which follows is structured around key concepts, rather than key groups of authors. This is primarily for the purpose of exploring and articulating MacIntyre's thought and the relevant thought of Aristotle on which it rests. There is no attempt here to review a field which could be denoted by a general descriptor, whether that be virtue ethics, particularism, social constructionism, or any other broad identifying category, only to focus on some key authorities in a particular tradition, and seeing MacIntyre as such an authority in an Aristotelian tradition.<sup>2</sup>

### **2.3 Moral reasoning and rationality**

'It is a distinctive feature of the social and cultural order that we inhabit that disagreements over central moral issues are peculiarly unresolvable. Debates concerned with the value of human life such as those over abortion and euthanasia, or about distributive justice and property rights, or about war and peace degenerate into confrontations of assertion and counter-assertion, because the protagonists of rival positions invoke incommensurable forms of moral assertion against each other.' (MacIntyre 1984a, p.69)

Standard textbooks on management or on business ethics tend to offer students short menus of alternative ethical systems (Boatright, 2012; Bowie, 1999; Crane and Matten, 2012; Fisher and Lovell, 2006; Hartman and DesJardins, 2011; Shaw, 2000), without always making it clear that these competing systems of modern ethics (the systems for instance of Kant, Mill or Rawls) are locked in unresolvable disagreement because each sets out to provide a universal normative theory applicable to any society and

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<sup>2</sup> It would perhaps be appropriate to adopt a narrative style for the literature review, in keeping with MacIntyre's own style of exegesis, but this style is reserved for the central chapters on findings. To attempt a narrative of MacIntyre's work in this chapter would be impossible in the space, and would risk duplicating some excellent narratives already available of exactly this kind (Knight, 1998; Lutz, 2004; Lutz, 2014).

purportedly based on no particular society, and each provides thereby a different universal theory which excludes the others. Reactions against this movement towards universal systems might then include such alternatives as emotivism which proposes that moral utterances are essentially expressions of approbation (e.g. Mackie 1977), postmodern ethics which champions the specific response of the individual agent to the moral demands of the other (e.g. Bauman 1993), and MacIntyre who sees moral enquiry as a tradition-constituted historical process.

To anyone familiar with MacIntyre's work, and in particular the opening chapters of *After Virtue*, the above paragraph may read oddly, because it bears some resemblance to one of MacIntyre's main lines of argument up until the point at which MacIntyre himself is included alongside such categories as emotivism and postmodern ethics, movements which he defines himself over against. What does this inclusion imply here? It implies first that MacIntyre's work shares with these other alternatives to modernist ethics a basic disenchantment with the modernist search for universal moral rules, and second that MacIntyre is deserving of a category in his own right alongside these broader movements.

The first implication can be argued from within MacIntyre's own work. The twentieth century witnessed a disintegration of the appearance of ethical universality, a recognition of the failure of the enlightenment project, and a range of reactions to that recognition. Those reactions included a radical turning away from the idea that ethical debate concerns anything objective at all (Mackie, 1977), and the rejection of the idea of moral rationality per se and an embrace of the broadest possible principle of moral agency through a complex situational and personal response (Bauman, 1993). MacIntyre's work is likewise a response to that basic sense of disenchantment (MacIntyre, 1992b).

The second implication rests on an argument for MacIntyre's uniqueness. MacIntyre seeks not to discover beyond the assumptions of the enlightenment project a new understanding of ethics, as for instance does postmodern ethics, but to rediscover an understanding which has been lost and to help to rebuild what is in effect a premodern tradition. However, it would not suffice to place, say, Thomism in MacIntyre's stead in a sentence which lists reactions against modernist ethics such as, '... postmodern ethics and Thomism'. Thomism clearly can't be a reaction to modernism because it has been there all along, and the same is true of Aristotelian virtue ethics. MacIntyre's historical and Aristotelian diagnosis of the failure of modern ethical theories in their attempts to transcend tradition, and his arguments from that diagnosis to tradition-constituted enquiry and thence to a more specific development of Thomistic

Aristotelianism are unique. They set him apart from both Thomists in general and Aristotelians in general (D'Andrea, 2006). One sign of this is the great difficulty that others have in placing MacIntyre in one pigeonhole or another (Nussbaum, 1999).

The unifying theme of MacIntyre's books, *After Virtue*, *Whose Justice? Which Rationality?* and *Three Rival Versions of Moral Enquiry* is this topic: How can we make sense of moral philosophy now that the enlightenment project has failed? His answer, roughly paraphrased, is:

The enlightenment project was bound to fail, because it proceeded from the false assumption that universal and timeless moral truths could be discovered or fashioned outside of, or independent from, any particular historical tradition (MacIntyre, 2007). Once this assumption has been brought to light, then it becomes possible to re-describe moral enquiry in terms, not of absolute arguments, but historical debates, in which one tradition rubs up against another, in which some traditions are defeated, compromises are reached, or new traditions are developed from old ones (MacIntyre, 1988). When this kind of process is understood we also understand that we have no basis for rational moral argument and no basis for practical moral decision making except that which is provided by some tradition or traditions (MacIntyre, 1990). We are thus faced with choices not between one version of absolute truth and another, but between contending arguments within and between traditions, and within and between the practices which constitute or move among those traditions (MacIntyre, 1990; MacIntyre, 1994). And these ways of reasoning and acting always do come down to practicalities because our moral reasoning originates in and returns to practice; we learn our morality from practice and our moral reasoning issues in practical acts (MacIntyre, 1987; MacIntyre, 1992a).

If this picture is adequate in outline it follows that any moral enquiry which also claims to be a MacIntyrean enquiry will be rooted in the concepts of tradition and practice, will be cognisant of conflict between traditions, and will be interested in the way that moral agents live in and amongst competing traditions and practices and the social structures to which they give rise.



## 2.4 Practices, goods and virtues

'By a 'practice' I am going to mean any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended.' (MacIntyre, 2007, p.187)

The above is perhaps the most quoted passage from MacIntyre's writing. It is widely quoted partly because this idea of a practice is pivotal to MacIntyre's contribution to moral philosophy, partly because his usage of the word 'practice' here and throughout his work is deliberately specific, precluding several other usages in ordinary and philosophical languages (Knight, 2008a), and partly because there is a great deal more than the description of a term packed into this passage, which extends to other key ideas in his thinking including the notion of goods internal to a practice. He illustrates his idea of a practice first through the example of a child learning to play chess, and describes a process whereby the child might be given reasons to learn how to play chess first by means of rewards, such as candy, which are extraneous to the game of chess; if the child then persists and learns to play the game moderately well, it is to be hoped that he or she will learn to enjoy the game for its own sake. This process of learning to enjoy the game for its own sake involves beginning to recognise certain goods which are specific to chess, a 'particular kind of analytic skill, strategic imagination and competitive intensity, a new set of reasons, reasons now not for winning on a particular occasion, but for trying to excel in whatever way the game of chess demands' (MacIntyre, 2007, p.188).

The example is chosen by MacIntyre to illustrate several key concepts, not just to help to define what he means by a practice. So here we find illustrated the idea of apprenticeship or initiation into a practice; we don't simply land in practices, we grow and learn our way into them. Such learning is a social process involving following rules, understanding conventions and following examples shown by well established practitioners. A key part of what is learned is not just a set of skills, but an ability to understand and value certain goods which are internal to the practice, internal in the sense that they can only be fully understood through participation in the practice and similarly can only be achieved and enjoyed through such participation. Integral to this learning is the idea that cheating becomes self-defeating. If the motive for playing a game such as chess is simply to earn a prize by winning through any means, then cheating is a rational strategy. If, however, the motive is to excel at the game, then

cheating becomes irrational since to cheat is to frustrate one's own pursuit of excellence.

Following this passage MacIntyre fills out the idea of a practice with examples of portrait painting, fishing, farming and so on, emphasising the idea of goods internal to the practice which people may achieve only by their involvement in the practice. He then draws attention to some key differences between internal and external goods.

'It is characteristic of what I have called external goods that when achieved they are always some individual's property and possession. Moreover characteristically they are such that the more someone has of them, the less there is for other people. This is sometimes necessarily the case, as with power and fame, and sometimes the case by reason of contingent circumstance as with money. External goods are therefore characteristically objects of competition in which there must be losers as well as winners.' (MacIntyre, 2007, pp.190-191)

A key difference then between internal and external goods of this kind is that external goods are in limited supply and competition aims at particular distributions or redistributions of those goods among winners and losers, whereas internal goods are not limited in supply in the same way; as participants in the practice excel in the practice they benefit not only themselves but others in the practice, and many or all can develop such excellence at the same time. This outline of practices and goods internal to practices enables MacIntyre then to make the final key move in this chain of reasoning, by proposing a 'first, even if partial and tentative definition of a virtue:

*'A virtue is an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such goods.'* (MacIntyre, 2007, p.190-191, italics in original)

These few pages of *After Virtue* contain the kernel of MacIntyre's practical ethics and his development of Aristotle. MacIntyre's key innovation over Aristotle here is to replace Aristotle's distinction between goods internal and external to the possessor of those goods, with a new distinction between goods internal and external to the practices which yield those goods (Knight, 1998; Knight, 2008b). The relationship between these two versions of internality and externality is complex and not always well understood by those using MacIntyre's ideas of internal and external goods in empirical enquiry<sup>3</sup>. MacIntyre has here rejected a foundation for moral philosophy

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<sup>3</sup> Kempster et al. 2011 is a good example. Although their overall project is clearly Aristotelian in intent and they have used MacIntyre to develop their thinking of the goods of leadership as providing purpose for the institution, the authors are confused about what is meant by internal goods. So for instance they cite 'reduction of the company's carbon footprint' as an internal

resting on Aristotelian metaphysical biology in favour of one which rests on sociological premises (Knight, 1998). This is something which changes in MacIntyre's later philosophy (Knight, 2008b) particularly in *Dependent Rational Animals*, but the locus of goods relative to practices does not change (Lutz, 2014) and for the purposes of the current research project questions of metaphysical biology are deferred until the closing chapter (see Section 7.3).

This rejection has far reaching implications. In order to be clear, Aristotle recognises three basic categories of goods : external goods, goods of the soul and goods of the body (Aristotle, NE, I.8)<sup>4</sup>. Goods of the soul and goods of the body are presumably both 'internal goods' in contrast to external goods, though Aristotle does not generally use the phrase, and he is most concerned with goods of the soul. So the idea of external compared to internal goods in Aristotle is one which is articulated relative to the possessor of those goods, and the grouping of those goods is tripartite. The most important goods which we can possess are the goods of the soul, most obviously the virtues, and other goods - goods of the body such as health and beauty and external goods such as property and status - are required in order to enable those higher goods of the soul (Aristotle, NE, I.8).

MacIntyre's notion of goods internal or external to practices does bear some resemblance to Aristotle's categories and Knight (2008b, p114) thinks that there is 'conceptual elision' in the sense that 'MacIntyre's usage of "internal goods" denotes goods internal to practices but connotes goods internal to human beings qua practitioners'. However, this glosses over some important categories of goods which are differently described between the two schemes. Most significantly, virtues are internal goods in Aristotle's scheme, but they are not goods which are internal to practices. They are goods which are required for and encouraged by the pursuit of the internal goods of practice, but they are not in MacIntyre's scheme identified as internal

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good, because it is an example of 'goods for humans', along with 'alleviating poverty, sustaining communities' and 'liberation through education' (Kempster et al. 2011, p.325). Alleviation of poverty and reduction of CO<sub>2</sub> emissions are goods of course, but they are external goods on Aristotle's scheme and for the most part also on MacIntyre's scheme unless a clear explanation is offered of a particular practice within which CO<sub>2</sub> reduction can be located as an internal good. 'Liberation through education' on the other hand is clearly an internal good on Aristotle's scheme for the person liberated.

<sup>4</sup> References given to Aristotle's Nicomachean Ethics are given in the form 'Aristotle, NE, IV.3' to signify Book IV, Chapter 3. This form of notation, without quotation, refers to the text of the 1894 edition of *Ethica Nicomachea* (Aristotle, 1894). The main translation used is Crisp's (Aristotle, 2000), and this has been compared with Thomson's (Aristotle, 1976) translation to check the meaning of the text where appropriate. Where quotation is given of Aristotle it is in English and the translation used is Crisp's unless specified otherwise.

goods themselves. This remains an area of difficulty which is taken up again in Section 6.6.

For current purposes it is enough to emphasise that the basis for these categories of internal and external goods has changed between Aristotle's usage and MacIntyre's, and along with it our means of determining which is which. For MacIntyre, material goods (a car, a bicycle or a loaf of bread) are in most circumstances external goods, not because they are physical objects separate from any person, but because they are goods which can be purchased by someone independently of involvement in any particular practice. This distinction then requires careful application as we enquire into particular practices. In the practice of rock music, for instance, the achievement of a great performance by the Rolling Stones may be an internal good for many of the performers and supporting technicians, while attendance at that same performance might remain an external good, represented by a ticket which can be bought and sold. By linking the concepts of practices, internal goods and virtues in this way, MacIntyre has articulated a theory of moral development, in which practices act as 'schools for the virtues' (Knight, 1998), and in the light of which we learn to rank goods.

## **2.5 Practices and institutions**

In *After Virtue*, MacIntyre articulates the distinction and the relationship between practices and institutions. His notion of the way that practices and institutions characteristically combine to form a single causal order is the last element of a number of key ideas located in the same chapter of *After Virtue* which are of the first importance for bringing MacIntyre's sociologically grounded philosophy to bear on empirical moral enquiry (Beabout, 2012; Beadle and Moore, 2011; Coe and Beadle, 2008; Moore, 2008).

'Practices must not be confused with institutions. Chess, physics and medicine are practices; chess clubs, laboratories, universities and hospitals are institutions. Institutions are characteristically and necessarily concerned with what I have called external goods. They are involved in acquiring money and other material goods; they are structured in terms of power and status, and they distribute money, power and status as rewards. Nor could they do otherwise if they are to sustain not only themselves, but also the practices of which they are the bearers. For no practices can survive for any length of time unsustained by institutions. Indeed so intimate is the relationship of practices to institutions — and consequently of the goods external to the goods internal to the practices in question — that institutions and practices characteristically form a single causal order in which the ideals and the creativity of the practice are always vulnerable to the acquisitiveness of the institution, in which the cooperative care for common

goods of the practice is always vulnerable to the competitiveness of the institution.’ (MacIntyre, 2007, p.194)

This passage is of particular interest for moral enquiry in organisation studies, and is again quoted at length for that reason. It summarises key themes for a MacIntyrean enquiry, themes such as practices, institutions, goods and virtues, and summarises the nature of the relationships between them. MacIntyre does not, either here or elsewhere, give further precision to the idea of an institution. However, his list of examples given above seems clear; he does not mean in this context institutions in the sense of established customs or procedures, but in the other common language sense of organisations (though see the discussion below regarding Beadle and Moore’s interpretation). That he does not go on to define or describe further exactly what he means by institution seems intentional; MacIntyre is interested in locating and exploring in depth the ideas of virtues, goods, practices and traditions, but not the idea of an institution. He prefers to leave the latter to organisation theorists, and for the purposes of MacIntyre’s work, a common language understanding of institution as organisation is sufficient and sufficiently flexible to serve its function here.<sup>5</sup>

It is worth unpacking some key aspects of the passage.

Institutions are not only characteristically involved with practices, they also in certain respects contrast and conflict with them. Institutions characteristically pursue external goods, that is to say different goods from those which are proper to the practice. Those two sets of goods can be and often are found to be competing for priority, in which case the institution will tend to champion its own goods of money, assets, status, and so on at the expense of the goods of the practice. This is therefore a model of a single causal order in which there is an inbuilt tendency towards internal conflict concerning the ranking of goods.

We encounter here a potential difficulty arising from MacIntyre’s departure from Aristotle noted in the previous section. It is reasonably clear in Aristotle why goods which are external to the person should be ranked as less valuable in themselves than goods internal to the person, because external goods are more ephemeral or more easily removed, and because they play a supporting role to the goods of the soul, which are the highest goods, being most deeply connected with the person (Aristotle, NE, I.7) and least alienable (Aristotle, NE, I.10). With MacIntyre it is less clear. There

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<sup>5</sup> MacIntyre is at pains to delineate what he means by a practice as being of a certain degree of complexity, together with other criteria of coherence and cooperation. The same criteria are not required of relevant institutions or organizations, which can be small or large, complex or simple.

seems to be an assumption that because practices are valuable (and there does seem to be a common sense intuition that they are) then goods internal to the practices are similarly valuable, and following this line, that goods external to practices are less valuable than internal ones. What is not attempted is to run this same equation from the perspective of institutions: there is also a case for saying that if institutions are valuable (again there is a common sense intuition that they are), then goods internal to the institution such as pay and status are similarly valuable. This line would then continue: if there is one set of goods proper to the practice and one set of goods proper to the institution, by what standard do we judge the goods of the practice to be the more important? If the response is that practices are more fundamental to human flourishing than institutions, then we seem to have reached an impasse, because such a claim for the practice is quite naturally made from the practice, but the contrary claim is equally naturally made for the institution from the institution. It seems likely that both practices and institutions are equally fundamental to human well-being.

It is possible that the intuitive force of the phrases 'internal goods' and 'external goods' in helping us to rank those sets relative to each other derives more from Aristotle's original idea of goods internal and external to the person, than from MacIntyre's idea of goods internal and external to the practice. Kuna (2008) makes the argument that MacIntyre does in fact fail to provide a purely sociological account of goods, that his position in *After Virtue* is implicitly dependent on some form of metaphysics, and that as MacIntyre's thought develops in later work, particularly *Dependent Rational Animals*, it becomes clear that he returns to a metaphysical understanding of the good for human beings.

The nature of this internal conflict is described in terms of a conflict between goods, goods which are differentiated in two ways. They are differentiated by belonging. One set of goods is internal to the practice: these goods belong to the practice, are particular to the practice, can be understood, appreciated and achieved only from within the practice. The other set is external to the practice: these goods belong to the institution, are promoted by, developed by and distributed by the institution. They are also differentiated by their respective characters. The goods of the practice are characterised by 'cooperative care for common goods', where the goods of the institution are characterised by 'competitiveness'. This theme of cooperation compared to competitiveness requires careful handling, because it can cause confusion; many practices have strongly competitive elements to them (MacIntyre, 2007; Feldman, 1986). The notion of common goods here is crucial. The goods of the institution as described by MacIntyre are typically exclusive rather than common. For someone to

win, another must lose, and this form of competition is characteristic of advanced western capitalist economic models (Keat, 2008a; Pharo 2005).

For the purposes of this thesis, the term 'organisation' is aligned with the term 'institution', rather than with the phrase 'practice-institution combination'<sup>6</sup>, in keeping with MacIntyre's usage in *After Virtue*. This is mainly for practical reasons of language use. In the empirical enquiry to follow, we need to be able to distinguish between talk of practices and institutions. It can be difficult to discern the talk of the institution as a separate phenomenon from the organisation, whereas it is generally straightforward to discern talk of practices as separate from the organisation or the institution. So, for instance, in conversations with bankers 'the bank' refers to the organisation and/or to the institution - no great distinction is obvious between those two ideas - but it very clearly does not refer to the practice of banking. There are also some more theoretical and procedural reasons for not re-describing organisations as practice-institution combinations just yet. At this stage, it seems important to allow the possibility that organisations and practices can to some extent operate independently of each other, even if they do characteristically come together to form single causal orders of the kind which MacIntyre describes. Beadle and Moore (2011) make the point that practices can be institutionalised independently from organisations. However, it also may be the case that organisations do not necessarily form practice-institution combinations in any strong sense; a hedge fund, for instance may not support any practice recognisable by MacIntyre (1994). Inasmuch as an organisation involves human beings, it perhaps automatically involves practices to some degree, because human activity tends towards the development of practices, but this is a rather weak version of the practice-institution combination. If MacIntyre is right about the parlous state of much Anglo-American business practice, then Beadle and Moore's ideal of an organisation in which an institution supports a core practice may be the exception rather than the rule.

The way in which practices and institutions are then approached in empirical enquiry is largely determined by this framework of single causal order characterised by tension. The nature of the tension has been clearly explored further in theory and in empirical research by those following a MacIntyrean enquiry in organisation studies (Beadle, 2013; Moore, 2008; Moore, 2012). Less attention has been paid to the nature of the causality involved in this single causal order. It tends to be assumed as a backdrop to

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<sup>6</sup> The idea of practice and institution as a single causal order is taken up by Beadle and Moore who believe that 'any organization may be re-described as a practice-institution combination' (Beadle and Moore, 2011). The current research project adopts the term 'practice-institution combination' to refer to the way that practices and institutions interact, but does not use this as a re-description of the organization in the way that Beadle and Moore do.

research, but there is perhaps a need to explore the idea more fully. To say that, for instance, a theatre is a single causal order, in the sense that events related to the institution (a chandelier falls down) causes events in the practice (an unusually realistic performance of Phantom of the Opera is achieved), is one aspect of such a causal order, and it is of some relevance. But it may be more directly relevant to view the idea of single causal order, as MacIntyre illustrates in the passage quoted above (MacIntyre, 2007, p.194), as a nexus of agent causation (Bishop 1983), in which events are caused by the agents within the practice-institution combination on the basis of motivations enabled by their adherence to practice, institution or both. This idea of 'single causal order' is perhaps something which can be articulated further through empirical enquiry.

Of particular interest are the role of the virtues. Immediately following the above passage from *After Virtue*, MacIntyre states: 'In this context the essential function of the virtues is clear. Without them, without justice, courage and truthfulness, practices could not resist the corrupting power of institutions' (MacIntyre, 2007, p.194). This statement is remarkable in three ways. First, it states an essential function of the virtues as the protection of practices, which seems to be another development beyond Aristotle, who recognised no such function of the virtues<sup>7</sup>. Second, it places a primary emphasis on virtues as a means of resistance to corruption. Third, it lists three virtues in particular which are required for this resistance, the virtues of justice, courage and truthfulness.

## 2.6 Traditions

If the pivotal notion of *After Virtue* is the idea of a practice, then the idea of a tradition holds a similar place in *Whose Justice? Which Rationality?*. Tradition and practice operate in MacIntyre's philosophy as linked through the social structures which give rise to them and to which they in turn give rise.

'A tradition is an argument extended through time in which certain fundamental agreements are defined and redefined in terms of two kinds of conflict: those with critics and enemies external to the tradition who reject all or at least key parts of those fundamental agreements, and those internal, interpretative debates through which the meaning and rationale of the fundamental agreements come to be expressed and by whose progress a tradition is constituted.' (MacIntyre, 1988, p.12)

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<sup>7</sup> Perhaps the response from MacIntyre would be that Aristotle could not have formulated the thought, since such institutions as MacIntyre intends here were not part of the social fabric of 4th century Greece.



MacIntyre is particularly concerned with a special kind of tradition, traditions of moral enquiry which support and express forms of moral reasoning and argumentation (Lutz, 2004). The question of what he means by tradition-constituted moral enquiry is taken up in more detail in Chapter 3 on research design and method. At this point in the thesis it may be helpful to frame a different and narrower question: To what extent is MacIntyre's idea of tradition relevant to organisational behaviour? Or to put the question in a more pointed form: Is MacIntyre's notion of tradition solely a grand structure of moral enquiry, applicable to great movements in the history of human thought, such as those represented by Aristotle, Augustine, Aquinas, Hutcheson or Hume (MacIntyre, 1988), and not applicable to lesser and more local traditions in an ordinary language sense, such as the tradition of trade unionism in the UK, or the tradition of crofting in the Scottish highlands and islands?

Clearly not any minor custom will count as a tradition in the sense MacIntyre discusses it, since traditions in this sense are social structures substantive enough to offer a basis for the development of rational thought, so that it makes sense to speak of inhabitants or adherents of such traditions. However, there are good reasons for keeping an open mind concerning exactly where the boundary might be drawn. In recognising the close link between traditions and practices, MacIntyre also recognises that there are greater and lesser traditions, since 'the traditions through which particular practices are transmitted and reshaped never exist in isolation [from] larger social traditions' (MacIntyre, 2007, p.221).

Traditions are not always self-conscious, and for those that inhabit them 'the facts of tradition, which are the presupposition of their activities and enquiries, may well remain just that, unarticulated presuppositions which are never themselves the objects of attention and enquiry' (MacIntyre, 1988, pp.7-8). MacIntyre is repeatedly emphatic that his is a philosophy of practice, and this is thoroughgoing (MacIntyre, 1978; MacIntyre, 1992a). Practical rationality is developed and can only be developed in the context of practices and traditions and their attendant social structures. A hill farmer in Northumberland has just as much claim to practical rationality as a professional philosopher in Oxford. If MacIntyre's discussion of traditions is to be consistent with his views on moral reasoning in practice, then it must hold meaning for the practical tradition of farming to which the hill farmer belongs and from which he or she draws their reasons for action just as much as it does for the theoretical tradition to which the professional philosopher belongs and from which he or she consciously articulates arguments.

We might therefore venture that where people speak in an ordinary language sense of their own traditions, then we should regard the same sort of principles as applicable to those traditions as are applicable to MacIntyre's paradigmatic examples of major philosophical traditions, so long as the local traditions in question have sufficient complexity to provide a sense of belonging and to form a context in which practical rationality can be developed.

Some other key concepts need to be kept in mind in understanding and applying MacIntyre's notion of tradition. First is the idea that traditions tend forward. As is made clear in the extended quote above, MacIntyre is interested in traditions not only as historical artefacts, but as living and forward-moving forces in human development. Equally important are the ideas of conflict and narrative. It is through narrative that progress in practical reasoning is to be understood, and such progress is generally achieved through some form of conflict (MacIntyre, 1990). So in applying MacIntyre's thought to empirical moral enquiry there is a consequent emphasis on stories, including stories of conflict.

It is through stories of conflict and the resolution of conflict, particularly in the form of moral argument, that we can see traditions and practices operating, changing and moving forward. He relates histories of conflicts between traditions, particularly those large traditions of enquiry which he traces back to the division of the post-Homeric inheritance in Athens and the emergence there of two 'radically incompatible conceptions not only of goods and of justice and other virtues but also of politics and of practical rationality' (MacIntyre, 1988, p.46). He also relates the history of the emergence of Thomism as a crowning achievement of the resolution of conflicts between traditions. So, MacIntyre's concern is not only to explore the theme of conflict between traditions, but also to show how best such conflicts can be resolved. He addresses this most directly in *Three Rival Versions*, where he seeks to explain the processes by which one tradition might prove itself to be rationally superior to another in the absence of any broad consensus of values (MacIntyre, 1990). These processes demand tolerance and patience, including a willingness to learn the ways of thought of a rival tradition from the inside.

That these processes are so potentially demanding in terms of intellect and effort raises some points of caution for the kind of enquiry envisaged for this thesis. The kind of traditions which MacIntyre returns to again and again in his own writing are principally the large traditions of enquiry which he describes in his major works (Aristotle, Augustine, Aquinas, Hume and so on), not the smaller more local traditions of practice, which he understands as dependent on them. The researcher should be

cautious about investigating traditions of practice as if they were grand theories. Further, although we might expect to witness conflict within and between traditions at any level, the researcher in an empirical enquiry should likewise be cautious about approaching any particular tradition from the perspective of conflict. For this reason, Gadamer (1975), with his emphasis on coming to agreement rather than conflict, is a useful adjunct to MacIntyre's vision of rival enquiry (Section 3.8).

## 2.7 Aristotelian virtues and other virtues

Traditions of virtue ethics become traditions partly by developing and arguing over shortlists of canonical virtues:

‘Homer, Sophocles, Aristotle, the New Testament and medieval thinkers ... offer us different and incompatible lists of the virtues; they give a different rank order of importance to different virtues; and they have different and incompatible theories of the virtues. If we were to consider later Western writers on the virtues, the list of differences and incompatibilities would be enlarged still further; and if we extended our enquiry to Japanese, say, or American Indian cultures, the differences would become greater still.’  
(MacIntyre, 2007, p.181)

Traditions tend towards canonical lists, but at the same time no list is definitive in the sense that it closes the door and admits no further virtues to that tradition. So, in the Aristotelian tradition, the virtues of courage, self-control, justice and practical wisdom are commonly accepted as the cardinal virtues (Foot, 2002). However, in addition to those four which have become central to the tradition, Aristotle himself acknowledged a wide range of virtues (Aristotle, NE, II.7) and counselled against a false precision in articulating matters which are complex and variable (Aristotle, NE, I.3). To the four Aristotelian cardinal virtues, Aquinas (*Summa Theologiae*, I-II, Q62, a.3) added the three theological virtues of faith, hope and charity to create a canonical set of seven (Geach, 1977). Likewise in the Thomistic tradition, virtues such as patience and humility all have a place alongside those virtues which most centrally characterise the tradition (MacIntyre, 2007). As MacIntyre argues in *After Virtue*, this leads to a proliferation of conflicting virtue lists even within relatively well defined traditions, before we start adding entirely different lists from Hume or from Franklin.

There are two possible responses to this kind of proliferation of virtue sets. One possible response is to collect, sift and amalgamate into some overall system all the significant sets which can be discovered. This is the approach taken by positive psychology (Peterson and Seligman, 2005). It is clearly a non-MacIntyrean approach because it seeks to transcend tradition, but it is also interestingly an approach which is

in a sense non-normative. That such an approach might be non-normative may not at first be obvious, since what is being collected up, sifted and re-presented is a meta-set of normative values. However, when all the collecting up has been done and a great range of virtues assembled, all that has been undertaken is a descriptive exercise: these are the virtues which were found in the survey. In response to that description, it is then possible to ask the honest question: 'So of all these many virtues, which ought we to prioritise in our lives?' A normative recommendation is still sought. This is not to say that such descriptive compendia are not valuable, but they imply an approach which is incompatible with MacIntyre (Section 2.11).

A second, MacIntyrean response is to decide to which tradition one belongs and to proceed from the basis of that tradition. The present research is based in an Aristotelian and MacIntyrean tradition, but this does not mean that it is then closed to other voices. Part of the challenge of the research is to understand and account both for virtues which have clear links to an Aristotelian and MacIntyrean tradition, such as truthfulness and constancy, and for other virtues or qualities whose links are less clear, such as industriousness or authenticity. However, since a wide range of virtue and virtue-like language comes up in everyday speech no less with bankers than with any other group, we still need to set up some kind of standard or schema in order to avoid either on the one hand dogmatically excluding virtue-like language that does not fit an Aristotelian list, say, or on the other hand simply cataloguing their occurrence from some apparently neutral standpoint. A three part mechanism is proposed for doing this, which comprises core set, extended set and alternative systems.

First, a well described list of cardinal virtues is needed. In the context of the current MacIntyrean enquiry, a suitable set has been provided by Geach (1977). Geach's handbook, derived from his Stanton Lectures delivered in 1973-4, is appropriate in several respects. Geach's view of the virtues is explicitly and self-consciously in the tradition of Aristotle and Aquinas, his overall understanding of those traditions is endorsed as such by MacIntyre (2002), and Geach gives a clear exposition of the seven pre-eminent virtues in the Thomistic tradition, distinguishing between 'theological virtues of faith, hope, and charity' and the cardinal virtues of 'prudence, temperance, justice, and courage' (Geach, 1977, p.1), in respect of their function and their basis in rationality. The core understanding set out by Geach will then need to be supplemented with the work of other Aristotelians such as Annas (2004), Foot (2002) and Crisp (2000) as well as MacIntyre. The current thesis will be more concerned with the four Aristotelian cardinal virtues than with the theological virtues, but the clarity which Geach provides about both sets and the relationship between them is important

for a MacIntyrean line of enquiry. These then provide us with a core set of virtues for reference, within which the four cardinal virtues will be most central. Foot is a helpful source in this respect as a secular Aristotelian who has been deeply influenced by Aquinas (Foot 2002), because her project is sympathetic to Geach's and MacIntyre's whilst still being distinct in its metaphysical assumptions. This is in contrast to Nussbaum (1989), also a secular Aristotelian, but more hostile to any form of Thomism.

Second, an expanded set of virtues which are consistent with that core set and particularly with the cardinal virtues needs to be admitted. These include virtues which have been explored by MacIntyre himself and those following MacIntyre, and virtues which have been explored by other philosophers who are self consciously following an Aristotelian or Thomistic tradition. These include virtues such as truthfulness (Geach, 2002; MacIntyre, 1994; Williams, 2002), patience (MacIntyre, 2007), integrity and constancy (Beadle, 2013; MacIntyre, 1999b; Maletta, 2011). This expanded set may include other virtues which appear in either Aristotle or Aquinas such as friendship or humility. It is an important point of principle that this list should not be closed; the core set of virtues may always be extended through other virtues which depend on them.

Third, the research needs to be sensitive to alternative systems which may be spoken of in virtue-like language, even if an Aristotelian tradition might not recognise them as virtues. So for instance, one contemporary social theory, authentic leadership (Gardner, Coglisier, Davis and Dickens, 2011), champions the quality of authenticity and, as components of authenticity, qualities of self-awareness and transparency (Kernis and Goldman, 2006). This thesis, following a MacIntyrean enquiry, does not need to acknowledge such qualities as virtues, but does need to be able to detect and articulate them where appropriate.

## **2.8 Social structures and moral agency**

Although a great deal of attention amongst commentators on MacIntyre has been given to the notions of practice and tradition as core elements of his thinking, MacIntyre's writing is equally concerned with social structure, and it is on the basic idea of moral enquiry as a socially embodied pursuit that his whole project is based:

[It] is not just that different modes of practical reasoning are specific to certain types of social context. It is also that in respect to each of these social contexts they fulfil two distinct, albeit closely related functions. Practical reasoning guides and directs action. But to understand the structure of some particular mode of practical reasoning specific to some social order is not only to have learned some particular way of guiding and

directing action. It is also to have learned how actions are and are not to be interpreted by others inhabiting that same social order. [...] Every mode of practical reasoning is also a mode of social interpretation.' MacIntyre (1987 p.120)

MacIntyre has at times been regarded as a communitarian (Bauman, 1996; Cohen, 2000), and has directly disavowed that description (MacIntyre, 1991). It is therefore important to try to understand what his view really is, a view which perhaps can be represented in two movements, a movement towards the dependence of moral agency on social structures and a counter movement towards the independence of moral agency from social structures.

The extended quotation above contains the nub of the first movement, the assertion, based on the kind of historical narratives found in *After Virtue* and *Whose Justice? Which Rationality?*, that all modes of practical rationalities (and therefore all normative ethical theories) are formulated in the context of some particular social structure or other. This anchoring of particular modes of practical rationality to particular social contexts contains within it three key thoughts. First, any particular moral agent learns his or her own mode of practical reasoning within a particular social context, and there is nowhere to locate such learning outside of some particular context. So there is a relationship of dependency through learning: inasmuch as anyone learns to exercise moral agency, they learn from within some particular social context. Second, the modes of practical reasoning learned in this way guide action; what appears to me to be good or right to do will be in the first instance dependent on the social context in which I have learned to reason. Third, our own modes of practical reasoning are at the same time modes of interpretation of the reasoning of others, and this ability to interpret the actions and intentions of others is basic to our social lives, allowing us to interact with others and to some degree predict their actions.

This movement towards the dependence of the agency on social structures is something which Bauman takes issue with; he complains that to a communitarian (notably MacIntyre in his view), 'the good choice is the choice of what is already given - the discovery and giving a conscious expression to "historical identity" transmitted through birth' (Bauman 1996), and Bauman takes this to be a modernist ideology. In some sense, Bauman would be right on this last point if MacIntyre's philosophy could in any way be aligned with one in favour of the modern nation state, though of course it cannot. However, the more interesting bone of contention here is not the types of social structure (modernist or otherwise) in question, but rather the pairing in MacIntyre of the underlying movement towards the dependence of moral agency on social

structure, which Bauman recognises and laments, and the corresponding counter movement towards independence which Bauman (1996) appears not to recognise.

This counter movement is equally important for MacIntyre, because he acknowledges also the threats to moral agency which social structures can create. This is expressed vividly in the article 'Social structures and their threats to moral agency' (MacIntyre, 1999b) in which he compares the moral reasoning of a railway manager 'J' in Nazi Germany with the moral reasoning of utilities executives in contemporary America. In this context he is particularly interested in the way that practical reasoning may be fenced off within a particular role in a given social structure; if a person reasons *only* qua manager or *only* qua bureaucrat without applying the broadest standards of rationality directed to one's whole life, the result is compartmentalisation, a state in which wider moral standards may be suspended for the optimum execution of a particular role.

In order to assert our autonomy as moral agents and independent practical reasoners, we are often obliged to resist the particular social structures in which we find ourselves (MacIntyre, 1999a). Once this counter-movement is recognised (Keat, 2008a), it then becomes clear that in fact much of MacIntyre's writing is taken up with the question of how practical rationality can exercise freedom from the constraints of particular social structures. This involves the critique of social structures at the level of the local and specific, through to much broader critiques of social structures, including modern institutions and the modern nation state itself. How such critique of particular social structures comes to be enabled by a practical rationality which itself is founded in particular social structures is exactly parallel to the way in which the critique of traditions is enabled. That topic is covered more fully Chapter 3.

The importance of the place of social structures in MacIntyrean enquiry can hardly be overstated. 'It is insufficiently often remarked that deliberation is by its very nature a social activity, that the central deliberative questions are not of the form "What should I do here and now?" and "How should I live?" but of the form "What should we do here and now?" and "How should we live?"' (MacIntyre, 2009, p.15). This move by MacIntyre exemplifies a basic current in his thought which is different from the assumptions of a great many other moral philosophers, even those who are also virtue ethicists in an Aristotelian mode. Crisp (1996, p.1) gives his version of these paradigmatic questions as: "How should I live?" or "How should I act?". Hursthouse (1996, p.19) in the same volume gives similarly "How sort of person should I be?" and "What should I do?"

It is puzzling that this very basic difference in the starting point for moral enquiry is not highlighted more often. MacIntyre complains that Aristotle does not explain himself further when he asserts that “In important matters we deliberate with others [...] not relying on ourselves for certitude” (Aristotle, NE, III.3, quoted in MacIntyre, 2009, p.15; the translation is MacIntyre’s). Presumably Aristotle does not explain because he feels no need to: he is appealing to common sense. However, the distinction is fundamental. The starting point ‘How should I live?’ naturally has different outcomes compared to the starting point ‘How should we live?’ Not least, debates concerning the benefit to the individual of certain virtues or principles such as courage or truth telling have a quite different status depending on which starting point is chosen.

## **2.9 MacIntyre’s critics**

MacIntyre has many critics, from the point of view both of his history and his philosophy (D’Andrea, 2006). This review does not attempt to cover the former and covers the latter only in respect of those criticisms which seem particularly relevant. Many questions have been answered by MacIntyre’s supporters and here they are grouped into two broad categories, those related to the application of MacIntyre’s work to empirical social science, and those concerning questions of relativism and faith. These two broad topics are dealt with first. A further two critics, Irwin and Annas, are then given particular attention because their criticisms are especially relevant to MacIntyre as an Aristotelian.

### **Empirical work in organisation studies**

One type of misunderstanding mainly arises in the pursuit of empirical work in organisation studies. Beadle (2002) has particularly addressed the question of misrepresenting MacIntyre in this regard, and his article raises two important questions. The first is the idea of management as a practice. He takes issue with Brewer’s (1997) idea that management can be regarded as a practice with its own internal goods, because Brewer has ignored some key aspects of MacIntyre’s thought, most conspicuously the distinction between manipulative and non-manipulative relationships and the distinction between the cooperative activity of practices and the competitive activity of the institution. Having said this, Beadle and Moore then go on in a later article to describe the ‘practice of making and sustaining the institution’ (Beadle and Moore, 2011, p.97), a practice which admits of its own internal goods. This must strike Brewer as sounding a lot like the practice of management, but there is an important difference of approach. For Beadle and Moore, the practice of making and



sustaining the institution can only maintain its status as a practice inasmuch as it maintains a clear connection to the core practice or practices which the institution exists to support. This leads to Beabout's (2012) idea of management as a domain-relative practice. The second issue raised by Beadle (2002) is rather broader in scope, and is a response to those such as Warren (1996) who try to use elements of MacIntyre's thinking (for instance on internal goods) in a conventional process of applied business ethics. Beadle emphasises that MacIntyre's approach to management as such is inevitably critical and involves a disavowal of standard notions of applied business ethics. The activity and justification of management 'concentrate on the pursuit of goods external to practices and consequently it excludes the possibility of management *qua* management involving the pursuit of internal goods and the virtues required to achieve them' (Beadle, 2002, p.53).

### **Relativism and faith**

The second type of misunderstanding or objection (in some cases these are genuine differences of position) concerns questions of relativism and faith. These are complex, and there is no intention in the current review to address these issues in any substantive way, only to note the discussions and the responses articulated by Lutz (2004), or to direct the reader where appropriate to later sections of the thesis which explore some issues in more detail.

First, there are those such as Feldman (1986) and Wachbroit (1983) who think that MacIntyre cannot avoid a slide into relativism. These and similar criticisms are dealt with by Lutz (2004) who articulates the distinction between relativism and what Lutz calls 'relativity' following Krausz (1984). This is discussed in more detail in Chapter 3, and the principle of this distinction is used in the argument against Irwin in the section which follows below. Second, there are those Thomists who object to MacIntyre's version of Thomism; these are not dealt with here, since the current research is focused on MacIntyre as an Aristotelian rather than as a Thomist.

Third are those who object to MacIntyre's turn towards Thomism as a turning away from rational philosophy. These also are dealt with by Lutz (2004), particularly the objections of Nagel (1997) and Nussbaum (1989). Lutz pares away some of the misunderstandings that appear in both authors concerning MacIntyre's project to leave core substantive questions concerning the role of faith in supporting the argument for Thomism, and the legitimacy of combining theology with philosophy. The answer to the latter issue is to reverse the question. If the question raised by Nussbaum (1989) regarding theology may be formulated as, 'How can MacIntyre justify bringing principles of theology into moral philosophy?', then the question can be reversed as,

'How can Nussbaum justify excluding principles of theology from moral philosophy?' It then becomes clear that the exclusion of theological questions from moral philosophy is an ideological tenet of just the kind which Nussbaum objects to. The question which is raised by Nagel is perhaps harder to answer. Lutz formulates it as: 'How can we be certain of Augustinian Christian moral enquiry without religious faith?' (Lutz, 2004, p.173). He thinks that there is a partial answer in the idea that 'we can have some confidence in certain features of Thomistic or Augustinian Christian moral enquiry without religious faith insofar as those features are entirely available to human reason without any dependence on what Christians take to be revealed truth' (Lutz, 2004, p.178), but he also admits that some sort of faith is required to pursue such a moral enquiry in practice in any thoroughgoing sense as a means of the ordering of a whole life.

A fourth group are those Aristotelian philosophers, who, like Nussbaum, find MacIntyre's work to be eccentric in its Aristotelianism. Since the current research project is directly concerned with MacIntyre as an Aristotelian, any significant gaps between MacIntyre and mainstream Aristotelian scholarship need to be understood. The following paragraphs consider MacIntyre as an Aristotelian moral philosopher and take two papers by Irwin and Annas for detailed consideration.

#### **Irwin on historicism and absolutism**

Irwin (1989) takes issue with several aspects of MacIntyre's thought as he finds it to be expressed in *Whose Justice? Which Rationality?*. As a whole, he takes issue with the kind of 'historicist' project in which MacIntyre is engaged, and deals first with broad problems of principle, 'a priori' issues as he terms them, before going on to deal with specifics in MacIntyre's account of Aristotle and the history of the development of philosophy at the time in Athens. Broad criticisms which Irwin raises include the following: that MacIntyre rejects 'absolutism'; that his idea of socially embodied rationality undermines the possibility of fundamental critique; and that Aristotle and Aquinas hold to the kind of absolutism which MacIntyre wishes to reject. These are at least three distinct objections in principle to the arguments of *Whose Justice? Which Rationality?*; there are several others, but these seem the most serious.

a. *MacIntyre rejects the 'absolutist' claim that 'there are good arguments, and their goodness consists not in their counting as good within a tradition, but in their adequacy to their subject matter' (Irwin, 1989, p.52).<sup>8</sup>*

Irwin may have misunderstood what MacIntyre is trying to reject, and a response can be formulated from MacIntyre's (1998b) article 'Moral Relativism, Truth and Justification'. MacIntyre is not denying that there is some external reality to which arguments might be more or less adequate. Irwin has used language which is not an exact fit with MacIntyre. It would be better to say with MacIntyre that one theory is better than another just if it more closely approaches the truth, where truth is understood as the adequacy of mind to its object (MacIntyre 1998b). MacIntyre is not denying an external reality in relation to which one argument may be better than another, only doubting our claims to have direct knowledge of the universal, the absolute or the essence of things<sup>9</sup>. That Irwin's argument misses MacIntyre's point is not just a question of language, as Irwin's development of the theme makes clear: 'In trying to understand MacIntyre's claim, I have introduced a distinction between what is subjectively rational for a particular person and what is in fact rational (or let us say "objectively rational")' (Irwin, 1989, p.53). Herein lies the problem. MacIntyre is interested neither in the idea of 'objective rationality', which he denies is possible if that means a form of rationality independent of some tradition or other, nor in the idea of 'subjective rationality', if that means anything similar to an emotivist or perspectivist view of moral utterance. A claim to subjective rationality is not a claim to a tradition-constituted one, and the judgement by person A that person B's reasoning is bizarre or outlandish is precisely a judgement by A that B's arguments fall outside of the scope of the most basic assumptions of rationality of that tradition to which A belongs. Tradition-constituted rationality is in this sense distinct from either 'objective' or 'subjective' reasoning.

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<sup>8</sup> Irwin does not appear to mean 'absolutism' in the sense of a belief that there are specific 'moral rules or prohibitions that stand whatever the context' (Coady 2011), but rather the broader thesis that can be defined as a strict alternative to relativism. If a relativist account of moral statements is one which explains such statements by reference to the speaker or the speaker's situation, then an absolutist account is one which does not. Firth (1952) has a clear explanation of 'absolutism' in this sense. The difference between the two is that the second broader sense of absolutism allows for the idea that specific moral rules X and Y may conflict, and that may affect one's judgement about whether X is wrong or right in some given context. So Rawls' theory of justice would be absolutist in this second broader sense, but not in the first and narrower one.

<sup>9</sup> 'The perfecting of the mind's understanding is a movement towards a comprehension of the genuinely universal, but it does not of itself yield a knowledge of true essences' (MacIntyre, 1990, p. 90)

b. *MacIntyre's claim that rationalities are socially embodied implies a 'significant restriction on the rational justifiability of fundamental philosophical criticism' (Irwin, 1989, p.51).*

This is a somewhat similar objection to that raised by Habermas against Gadamer (Mendelson, 1979). If the limits of our reasoning are described by the prejudices of the tradition in which we find ourselves, then how can we adequately critique the tradition? However, MacIntyre is much better placed to answer that question, because his narrative philosophy is dedicated to showing how conflicts within and between traditions do generate critique. MacIntyre (1988) does not deny that traditions may in fact go along for generations with many aspects of their most fundamental assumptions unchallenged. This is not an argument for the status quo, only an acknowledgement that rational argument always proceeds by some set of explicit or implicit assumptions and rules of engagement and that such sets of assumptions and rules of engagement are socially embodied. The interest here for the current research project is what is meant by social embodiment; the answer seems to be not just a sense of being vaguely situated in a social milieu, but rather being more concretely embodied in quite definite social structures, structures for instance, like universities and business corporations. This is one of the reasons that MacIntyre thinks that the institutions of advanced capitalism are capable of such corrosive power. They embody forms of rationality which disable their members from approaching the truth.

c. *Aristotle and Aquinas hold to the kind of absolutism which MacIntyre wishes to reject, since they believe firmly in justice-as-such and rationality-as such; indeed that is just the sort of thing that they hope to give an account of in a successful philosophical inquiry' (Irwin, 1989, p.57).*

Once we have understood that MacIntyre is not trying to reject an external reality to which one's thought might be more or less adequate, then this objection by Irwin seems to come back to the question of historicism: the procedures of argument used by Aristotle and Aquinas were not historicist, so MacIntyre, in following a historicist procedure himself, is at odds with those whose thought he wishes to champion. A number of answers to this complaint have already been provided by different commentators in different ways, often concerning MacIntyre's position as a Thomist (Lutz, 2004; D'Andrea, 2006), and particularly a break with naturalism in *After Virtue*. Aristotle and Aquinas both founded their ideas of ethics on their ideas of the nature of human beings, which implied in each case a (different) metaphysical biology. *After Virtue* in rejecting any appeal to metaphysical biology breaks significantly with the Thomistic Aristotelian tradition. In his later writing, MacIntyre then does adopt a

naturalism of his own, explicitly so in *Dependent Rational Animals*. Since the current thesis is primarily concerned with MacIntyre's position as an Aristotelian, rather than as a Thomist, I have followed Knight (2008a) who sees MacIntyre's later position as significantly different in respect of naturalism, rather than Lutz (2004) who argues for MacIntyre's consistent approach to the natural law. The specific point about the rejection of metaphysical biology in *After Virtue* has been discussed above in Section 2.4 and is taken up again later at 7.3.

Irwin goes on to take issue with a number of different points in MacIntyre's understanding of Aristotle. Irwin is here on surer ground, and even if sometimes he might still misunderstand MacIntyre, his understanding of Aristotle is secure. Irwin agrees with MacIntyre's basic thesis that tensions between the goods of excellence and the goods of effectiveness are largely concealed in Homer's narratives, 'and that the possibility of conflict comes out clearly in post-Homeric society' (Irwin, 1989, p.59). But he finds that MacIntyre has distorted some aspects of the way that 5th century Athenian democrats thought of justice, and in particular that he over-emphasises the importance of desert or merit in Aristotle's notion of justice<sup>10</sup>. Irwin agrees with MacIntyre's basic point that Aristotle supports the idea that practical rationality can only be developed within particular kinds of social structure. However, he points out that Aristotle does not deny rationality to people who are *akratic* (incontinent, weak-willed), or vicious; they still have reasons for acting, but the more virtuous agent is the more rational.

Irwin also makes a point about MacIntyre's understanding of practical syllogisms, partly on the basis of Charles' (1984) discussion of the practical syllogism in Aristotle. The point in dispute is whether for Aristotle the conclusion of a practical syllogism is a proposition or an action. However, Charles' discussion seems rather to reinforce MacIntyre's point that 'in the conclusion of a practical syllogism the agent in acting confirms that this action qua such and such is to be done' (MacIntyre, 1988, p.139). All of the examples which Charles (1984) quotes in his exegesis conform to the idea that the conclusion of a practical syllogism is an action unless some external force prevents the agent from it. This is an important issue for the current research project, because it directs the enquiry to narratives of action. The questions that arise for the narratives of action here are first and foremost: What did the agent do, and why did he or she do that? An account which proceeds along the lines, 'I didn't agree with what the bank

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<sup>10</sup> Annas (1989) has a similar complaint.

was doing at that time, because...' will be of less interest than an account which proceeds, 'I left the bank at that time because...'.

Irwin makes other detailed criticisms of MacIntyre's Aristotelian scholarship, and the degree of unanimity between Aristotelians such as Annas, Irwin and Nussbaum that MacIntyre is sometimes selective in his use of Aristotle in order to emphasise aspects of his overall narrative should be taken as a fair warning that MacIntyre's representation of Aristotle can on occasion be eccentric. Irwin's broader criticism of MacIntyre's key themes is less convincing, but still valuable in helping to clarify exactly what MacIntyre is or is not saying. Of the three broad issues highlighted above, the notion of social embodiment is the most contentious, and Annas has given a rather more constructive and telling critique of that theme.

### **Annas on social embodiment**

Annas (1989) is interested in MacIntyre's development of the idea of a tradition, and particularly in what it means for a tradition to be socially embodied. She argues that when MacIntyre says 'Aristotle's conception of justice and practical rationality articulated the claims of one particular type of practice-based community, partially exemplified in the *polis*', (MacIntyre, 1988, p.389), he cannot mean 'that Aristotle's ideas are an elaborate expression of what most ancient citizens thought about justice' (Annas, 1989, p.390), and she goes on to specify a number of ways that Aristotle's ideas were in conflict with many ordinary views on justice in 4th century Greece, and in conflict in particular with the assumptions of the *polis*. It 'would be a mistake to take Aristotle as typical of ancient theories of justice' (Annas, 1989, p.390).

Annas offers an extended critique of MacIntyre's account of Hume in *Whose Justice? Which Rationality?*, and in doing so she formulates two possible versions of the idea of social embodiment of a tradition which she sees as to some degree in tension in the book. One version, the weaker of the two, she terms 'the thesis of historical understanding' (Annas, 1989, p.394). This is the idea that we cannot understand what count as good reasons to Aristotle as compared to what count as good reasons to Hume, unless we understand the overall structure of their respective ways of reasoning and understand also the way in which their most basic assumptions are grounded in their historical social contexts. The other version, the stronger of the two, she terms 'the thesis of essential location. On this view a tradition of reasoning is essentially located in a particular historical setting, and depends on that setting for its defining features. [...] The coherence of the intellectual tradition's social embodiment stands or falls with the coherence of the reasoning the tradition produces' (Annas, 1989, p.394). Annas goes on to argue that MacIntyre's portrayal of Hume's subversion of the

Scottish Enlightenment is flawed, and that he has not put a good case for this latter, stronger claim.<sup>11</sup>

What is of particular interest for the current research project is the way that Annas has clarified these two possible forms of the idea of social embodiment. Without by any means claiming that these two theses of ‘historical understanding’ and ‘essential location’ adequately describe MacIntyre’s wider argument, they nevertheless seem helpful. In particular, the latter stronger claim brings out an important connection between social institutions and traditions. It is not just that traditions depend on social structures for their coherence, but also that social structures depend on traditions for theirs. This stronger thesis has obvious appeal in the context of empirical research in banking. If we can describe the tradition of Scottish banking in terms which bear some resemblance to MacIntyre’s idea of a tradition, then questions can be formulated as to the causal mechanisms which operate not only within practice-institution combinations but also within those more wide reaching causal orders which are comprised of traditions and social structures. We can, for instance, ask the question, ‘How did the national restructuring of banks in the 1980s and 1990s affect the tradition of banking in Scotland?’ But we can also ask, ‘How did the subversion and diminution of the tradition of banking in Scotland affect the institutions of banking in Scotland?’ In Annas’ phraseology this latter question could be re-expressed in this form: ‘To what extent did the institutions of banking in Scotland stand or fall with the coherence of the reasoning that the tradition of banking produced?’ This question is revisited at Section 6.10.

## **2.10 Some further principles of Aristotelian ethics**

The foregoing sections have given an outline of some key principles in MacIntyre’s thought. Necessarily that survey is selective and limited. It does not cover a number of principles which are important for Aristotelian virtue ethics and which feature in different ways in MacIntyre’s writing, but which are not particularly in the foreground of his work. This section aims to fill in some of those gaps. Again it must do so selectively and briefly, and an attempt has been made to select those principles which are most immediately relevant to this empirical enquiry.

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<sup>11</sup> She does make a very convincing case. A less expert reader might have a sense of unease at the way MacIntyre deploys questions of national identity in order to undermine Hume’s arguments; Annas shows in more detail how such questions might be misleading.

It is acknowledged by many virtue ethicists that Aristotelian virtue ethics are 'eudaimonistic' and that this is can be an alien way of thinking about morality for many modern readers (Annas, 1993), especially those accustomed to Kantian notions of morality. To call Aristotle's ethics 'eudaimonistic' is to say that his enquiry is an exploration of the pursuit of the good for human beings, and that *eudaimonia*, which is generally translated as either 'happiness' or 'flourishing', names the good for human beings. Aristotle (NE, I.4), however, acknowledges that there are disagreements 'about substantive conceptions of happiness, the masses giving an account which differs from that of philosophers'. The bulk of the *Nicomachean Ethics* is then given over to an exploration of what human flourishing consists of. This assumption, that, although we might disagree over content, we do not disagree over the basic idea that happiness or flourishing is what we aim for in a life well lived, is partner to a second basic idea of ancient virtue ethics, that morality is teleological: it is concerned with rational choice aiming at some good purpose or end (*telos*) for human life. Aristotle himself (NE, I.10) is careful to stress that this should be thought of as life lived as a whole, not some notional end point or destination.

The difference between the view of the philosophers and the view of the masses is one that Irwin (1996) uses to highlight one particularly controversial tenet of Aristotelian ethics, the unity of the virtues. The idea that one cannot truly be courageous without also being temperate, or that one cannot be wise without also being courageous, strikes many, both ancient and modern, as odd because we are accustomed to 'recognising many virtues, corresponding to different social roles and different aspects of life' (Irwin, 1996, p.52, following Plato's *Meno*). This is a common sense view with which modern psychology is in broad agreement (Wolf, 2007).

The doctrine of the unity of the virtues is expressed clearly in Aquinas (*Summa Theologiae*, I-II, Q.65, A.1, co.)<sup>12</sup>, though in the main he does not refer to 'unity' but rather 'connection' (*connexio*). According to Aquinas, the cardinal virtues are connected, particularly in respect of the link between virtue of intellect and character. Practical wisdom cannot be acquired without virtues of character also being in place, and virtues of character are not able to aim at the good without practical wisdom (Porter 1993). This is consistent with Aristotle (NE, VI.13), who states that full moral

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<sup>12</sup> References to Aquinas are given in the conventional form, '*Summa Theologiae*, I-II, Q.65, A.1, co.'. The translation used in this thesis is by A. Freddoso, published on line by the University of Notre Dame (Aquinas, 2013)



virtue is not possible without practical wisdom to direct action and in this way differentiates full virtue from natural virtue.

In *After Virtue*, MacIntyre follows Geach (1977) in disagreeing with both Aristotle and Aquinas in respect of the unity of the virtues, preferring rather to emphasise the idea of the unity of a life. He subsequently reverses this view (Lutz, 2004; MacIntyre, 1988). The current thesis (Section 6.8) follows Lutz (2004) and retains, contra MacIntyre (1981) and Geach, a broad idea of the unity of the virtues, but without trying to specify at this point exactly what this means since that is an area of some contention (Penner, 1973; Wolf, 2007).

It will be argued later in this thesis (Section 6.9) that this requirement for reciprocity between practical wisdom and virtues of character is also something which helps to differentiate virtues from skills. A skill can be used well or badly, but virtues are established character traits which always work to the good because governed by practical wisdom. If we attempt to split off individual virtues, then 'we tend to degrade each virtue to an asset which can be used well or badly [...]: and the more we treat the virtues as mere assets, the less they seem to qualify as virtues' (Irwin, 1996, p.53).

The relationship between skills and virtues also causes difficulties for modern readers, partly because of difficulties in translation. In Aristotle's usage the words *arete* (excellence, virtue) and *techne* (skill, craft, technical expertise) are each wider in meaning than their common English translations, and both closer together in meaning than the words *virtue* and *skill* are in English. In the *Nicomachean Ethics*, Aristotle uses the word *techne* in a number of different ways in relation to *arete*. Virtues are like skills (Aristotle, NE, II.1), but distinct in several respects:

- Skill or craft is concerned with the production of something which counts as skilled in respect of the quality of that product, but the quality of the product is not a matter of certain psychological states of the producer. Virtue results in action which can only be counted virtuous 'if the agent acts in a certain state' which includes 'rational choice'. (Aristotle, NE, II.4)
- Rational choice in turn implies two further conditions for the virtues as opposed to skills: that the actions are chosen 'for their own sake', and that they are chosen from a 'firm and unshakable character'; these two conditions are 'all-important' (Aristotle, NE, II.4).
- Commensurate with the condition of rational choice is the link to the will. As Foot (2002) points out, Aquinas (I.II, Q57, a.4) follows Aristotle (VI.5) in drawing the distinction that for someone to make an intentional mistake in exercising a

skill is not in itself a sign of deficiency in the skill, whereas the opposite is true for a virtue. As Foot (2002, p.9) puts it: 'If a man acts unjustly or uncharitably, or in a cowardly or intemperate manner, 'I did it deliberately' cannot on any interpretation lead to exculpation. So we may say, a virtue is not, like a skill, a mere capacity: it must actually engage the will.'

Beadle (2011) summarises the distinction between virtues and skills as being concerned with motive and disposition. 'It is to move from the 'knowing that' and 'knowing how' of skill to the 'knowing why' of virtue' (Beadle, 2011, p.11).

These and other features of the structure of Aristotelian ethics can present difficulties of translation for modern readers. They have been covered briefly here because without such structures, empirical enquiries into virtue ethics can too easily descend into analyses of lists of virtues as character strengths in the style of positive organisational scholarship (POS).

The following section gives a summary of the current state of empirical enquiry following MacIntyre's philosophy, and highlights some key differences from alternative programmes such as POS.

## **2.11 MacIntyrean enquiry in organisation studies and in banking**

The application of MacIntyre's philosophy to empirical organisation studies is a young field of enquiry. It has been pioneered by Geoff Moore and Ron Beadle in particular, who have produced a number of studies of organisations or occupations. Beadle has tended to focus on circuses as a practice-led, economically marginal way of life (Beadle and Konyot, 2006; Beadle, 2013), while Moore has researched churches as practice-led organisations and mainstream retail pharmacies (Moore, 2011; Moore, 2012a). They have collaborated with each other and with other authors to provide a well-defined conception of how a MacIntyrean perspective can be brought to empirical work in organisation studies (Beadle and Moore, 2006; Moore and Beadle, 2006; Coe and Beadle, 2008; Beadle and Moore, 2011; Beadle and Knight, 2012). Their most cited paper (Web of Science at 29 April 2014), Moore and Beadle (2006), sets out their understanding of the practice-institution framework and how it can be applied in the context of business organisations. These commentaries on the nature of MacIntyrean empirical enquiry have formed the starting point for design of the research method of the current thesis.

The consistent approach of Beadle and Moore has been to interview people in organisations directly to gather sufficiently rich qualitative data for interpretive and

narrative enquiry. Few other researchers have followed this direct pursuit of MacIntyre's philosophy into the everyday lives of workers, managers and their organisations. Conroy (2009) investigates leadership ethics in health services using interviews and narrative, but without the same conceptual clarity as Moore and Beadle show in their work and his study is admittedly a pilot. This is despite growing interest in virtue ethics and particularly Aristotelian ethics in organisation studies (Solomon, 2004; Crockett, 2005; Whetstone, 2005; Grint, 2007; Hartman, 2011; McPherson, 2013).

Although there have been several discussions of how MacIntyrean ethics can be applied to business or to the market economy more widely (Horvath, 1995; Keat, 2008b; Dobson, 2009; Breen, 2012; Beabout, 2012), there have been relatively few empirical studies either in MacIntyrean enquiry specifically or Aristotelian ethics more widely. One reason for this might be general scepticism about how applicable either MacIntyre or Aristotle are to business ethics (Morrell, 2012), something which is best answered by actually conducting the research. Another reason might be the rise of positive organisational scholarship (POS) (Cameron, 2011; Rego, Kuna and Clegg, 2012) as a way of measuring virtue-like behaviours without committing to any particular virtue ethics. Since the current thesis is explicitly an Aristotelian study, POS falls outside of its remit, but it is nevertheless important to understand why it does so.

POS is an approach to the study of virtues from a social science perspective, amenable to quantification (Chun, 2005; Thun and Kelloway, 2011) and focused on the observation of positive behavioural patterns (Bright, Winn and Kanov, 2014). The POS movement arose in response to work in positive psychology particularly by Martin Seligman, which culminated in the publication of *Character strengths and virtues: a handbook and classification* (Peterson and Seligman, 2004). This compendium of strengths and traits from a wide range of different ethical and religious traditions is in some senses exactly the opposite of the work undertaken by MacIntyre. Where MacIntyre has explored why the cultural context of any given moral philosophy is vital to an understanding of its content, positive psychology attempts to bypass any such consideration by simply compiling available lists of virtues and strengths to form a global set which is supposedly free of local assumptions. By definition the POS approach is not Aristotelian, since Aristotelian virtues are only one contributor to a global list. Equally importantly, this approach carries with it few of the deeper structures of the moral philosophy of Aristotle; there is, for instance, no underlying concept of the good which can explain what makes the virtues worth attaining or which can disentangle real virtues from counterfeit ones.

MacIntyrean enquiry is at this stage of its development less amenable to quantification than is POS and much more concerned with underlying structures and contexts. There has, for instance, been considerable interest in whether management is a practice, and if so, of what sort (Moore, 2008; Beabout, 2012). This concern with practices is a distinguishing feature of MacIntyre's work and those who have followed him, and it has produced a remarkable result in the context of banking as a field of practical ethics.

MacIntyrean enquiry has apparently produced the only academic study into professional ethics in banking. If 'banking professional ethics' is searched for in Web of Science (29 April 2014) and medical ethics (related to blood banks, for instance) are excluded, only one research-based article is returned, a MacIntyrean study by Graafland and van de Ven (2011) entitled 'The Credit Crisis and the Moral Responsibility of Professionals in Finance'. The only other article is a transcript of a conference paper by Cowton (2002), which scopes out three aspects of banking ethics, of which one, integrity, is to a degree related to professional ethics. This apparent lack of interest amongst most academics is in marked contrast to the levels of interest in professional conduct and standards in banking in public media, in the profession itself (Chartered Banker Institute, 2011b) and among politicians (Parliamentary Commission on Banking Standards, 2013). In fact, there seems little appetite in academia for the subject of ethics in banking at all. In the period since the financial crisis (publication dates 2009-2014), a search more generally on Web of Science (29 April 2014) for the topic 'Banking' and 'Ethics' returned just 70 articles, compared to 3,595 articles on the topic 'Banking' and 'Marketing'.

Graafland and van de Ven (2011) are concerned with themes of professional conduct, and the gaps between codes of conduct and actual behaviour in banking. They focus particularly on virtues such as honesty, due care and accuracy. The principal limitation on their study as an empirical investigation is that they use only the evidence base of published mission statements of banks for their empirical work. A parallel article by Van de Ven (2011) considers the question of understanding banking as a practice in MacIntyre's sense of that word. The discussion is in some ways provisional, and weight is given to the idea of a profession (Kasher, 2005) as a similar concept. The idea of professional virtues is explored, but there is no concerted effort to argue, for instance, for the internal goods of the practice of banking. Although they do not provide a model for empirical research in the same way as the articles by Beadle and Moore cited above, these two papers by Graafland and van de Ven do provide a point of departure for the topic of the current research. In particular they open up consideration of banking as a practice.

## **2.12 Summary of the chapter**

This chapter has reviewed MacIntyrean enquiry and outlined the position of MacIntyre's philosophy in relation to the Aristotelian tradition of ethics and as a guide to empirical research. A justification has been offered for the choice of MacIntyre's work as the theoretical base for the research.

MacIntyre's concept of practices has been summarised, together with the way that goods are understood within practices and the way that practices relate to institutions. The idea of traditions has been introduced and traditions of moral enquiry have been shown to give foundations for canonical virtue sets. A discussion of MacIntyre's critics, particularly from an Aristotelian perspective, has been used to help position his work in relation to the broader field of Aristotelian philosophy. A brief description of some further relevant Aristotelian concepts has been given including the unity of the virtues and the distinction between virtues and skills.

Finally a short review of progress in empirical research based on MacIntyre's work has been given and this has been contrasted with positive organisational scholarship as a research discipline founded in social science.

# Chapter 3: Research design: epistemology and method

## 3.1 Introduction

This chapter aims to theorise a synthesis of MacIntyre's moral philosophy and Gadamer's hermeneutics in order to gather and interpret empirical evidence in practical ethics. It argues<sup>13</sup> for a method of research which is consistent with MacIntyre's ideas of tradition-constituted enquiry. The argument is largely built on MacIntyre's work, but the approach will still be critical, bringing in the work of other philosophers and sociologists as appropriate, and particularly the work of Hans-Georg Gadamer.

The chapter falls into two main sections. The first concerns epistemology and is characterised as 'six principles of enquiry', and the second concerns the method pursued, based on those six principles. The chapter is constructed this way because the research design follows MacIntyre's criticism of social science methodology (discussed in Section 3.2), and avoids building a methodology based on one or another 'ism' or standardised research procedure. Rather, this research design is intended to identify key principles which arise directly from MacIntyre and Gadamer as leading philosophers of social science in an Aristotelian tradition, and to build a method which is derived quite directly from their work.

The six principles identified under 'epistemology' are:

1. Moral enquiry is constituted in relation to particular traditions (Section 3.3);
2. Narrative is both a medium of discovery and a medium for reporting (Section 3.4);
3. Plain persons are also moral philosophers (Section 3.5);
4. Claims to truth are provisional (Section 3.6);

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<sup>13</sup> With the exception of this footnote, this chapter is written in the third person voice. Where I have referred to the role of the researcher in the third person, and a pronoun is necessary, a masculine form is used in order to avoid repeating such phrases as 'him or herself'. My intention in speaking of 'the researcher' in this voice is that it should at least apply directly to me, hence a masculine form is appropriate, but it is also intended to be generalisable. So, for instance, phrases reading "the researcher needs to bear in mind ..." should be understood as applying to me as the author and to any researcher engaged in a project of this kind, from an Aristotelian perspective. By using the third person voice in this way I am claiming that the research methods and stances I am adopting follow from the philosophical and other sources which I discuss, and not simply from my own preferences. On those occasions where a first person plural form appears in the chapter, as elsewhere it usually denotes author and reader, as in, "We can see from this that..."

5. All understanding is conditioned by culturally established prejudgements (Section 3.7);
6. Conversation is a paradigm for understanding (Section 3.8).

Sections 3.9 to 3.11 develop the implications of these six principles in practice for the design and implementation of the research. A method of collecting data through genuine conversations is described. Methods of interpreting data and presenting findings are discussed which are both hermeneutic and narrative.

### **3.2 MacIntyre and the suspicion of methodology**

In his article 'Social Science Methodology as the Ideology of Bureaucratic Authority' MacIntyre (1998a) (originally published 1979) not only gives forthright expression to his deep suspicion of the whole idea of methodology in social science, he also opens up a discussion about the role of tradition which is taken up in full in *Whose Justice? Which Rationality?* and *Three Rival Versions of Moral Enquiry*. It is therefore worth summarising here some of the key points from the earlier article before proceeding further, at least as far as it is directly relevant to research design. Whilst MacIntyre is strongly critical of the pretensions of social science methodology, this does not prevent him engaging in discussions of epistemology which have direct relevance to empirical enquiry. Generally, he avoids describing his own work as epistemology, preferring to speak of rationality, belief, truth or interpretation rather than knowledge, and this overall stance is in keeping with his insistence on the provisional nature of our claims in moral enquiry (MacIntyre, 2002b). However, this does not mean that he is not actually 'doing epistemology' inasmuch as that category is relevant to social science method, and this chapter is intended to set out a method of enquiry which is consistent with MacIntyre's position.

#### **Reality in social and physical sciences**

MacIntyre draws a sharp distinction between the way that beliefs relate to realities in the physical sciences and the way that beliefs relate to reality in the social sciences.

"Beliefs about the concepts of physical realities are always secondary to those realities; the physical world does not require us to have any particular beliefs about it or concepts of it, for it to exist. But with social reality it is quite otherwise. Social practices, institutions and organisations are partially constituted by the beliefs and concepts of those who participate in, have transactions with and attitudes towards them." (MacIntyre, 1998a p.57)

This argument can be extended in a number of directions. For instance, it is implicit in it that the status of beliefs in these two spheres of social science and physical science

are different, and therefore that what we can say of knowledge, truth and all that goes with them under the broad head of epistemology may be different in the case of social science compared to physical science. Also implicit is the idea that it still makes sense to speak of *social reality* (and MacIntyre uses the expression here in the singular). One could say, further, that inasmuch as social practices are one element of that reality, it follows that moral principles, if based on social practice as they are in Aristotelian thought, are part of that social reality. This still begs the question of how to deal with the difference between saying, "This is how people behave in this society", and saying "This is how people *ought* to behave in this society", but it at least indicates what sort of reality we might be talking about if we speak of realism in the context of ethics.

MacIntyre draws attention to the ubiquity of conflict within social structures and considers this to be an essential feature of all social and particularly institutional life, such that social reality is characterised by being debatable. Again, this is drawn in contrast to physical science. Generalisations about human concepts such as marriage, tragedy or education are always inherently debatable in a way that generalisations about lugworms or amino acids are not. Social science research therefore needs to be able deal with such uncertainty and such conflict. "What objectivity requires in the study of such subject matters is an awareness of the contestable and argumentative character of what is going on." (MacIntyre, 1998a, p.58)

### **Pseudo-science**

MacIntyre's (1998a) complaint, that social science is engaged in pseudo-science, was particularly directed at a methodology which at the time of writing (1979) was narrowly quantitative; the curriculum as he experienced it involved methodology as a required element of social science research and at the heart of that methodology was statistical method. In MacIntyre's view, this notion of methodology had replaced in the curriculum precisely those disciplines of philosophy and history which might have enabled students to understand the role of conflicts - and traditions - in the social phenomena they were studying. The point being made is not that quantitative research is not valuable, but only that it should be held in the right relationship to other modes of enquiry and that excessive claims should not be made for it.

Nevertheless, the whole notion of methodology remains suspect from a MacIntyrean perspective. This thesis therefore avoids the term *methodology* from this point forward. Instead, the topics addressed are primarily epistemology and method, and method is as far as possible directly related to larger philosophical concerns as the argument proceeds. What would otherwise be entitled a chapter on methodology is here entitled



'Research Design', not simply out of deference to MacIntyre, but partly in recognition that a reliance on textbook methodologies can still be used to displace a proper openness to the inherent contestability of the subject matter of this research, and partly in the hope of following MacIntyre's thought directly through from his discussions of the structure of our moral beliefs to the development of a research method that is in keeping with those discussions.

There is a tendency in some books of advice concerning research method (for instance, Johnson and Duberley, 2000, pp.2-3) to speak of a person's or a group's epistemological stance as if it were one thing, rather than allowing that within the overall epistemological view of a person or group, there might be a range of theories of knowledge, understanding or truth operating in practice, with regard to physics, aesthetics, humanities, ethics, religion and so on. This is a potential source of confusion, because what we mean by truth, knowledge or understanding and the standards which we apply to those concepts may be different in these different spheres; it is possible, for instance, for a person to hold a coherent overall epistemology in practice which could be described as positivistic with regard to knowledge about the physical world and relativistic with regard to moral reasoning.

### **Avoiding '-isms'**

Such a way of speaking, as if a person's epistemological stance is inevitably held in one style or another is bound up with another assumption about doctoral research, that the doctoral student in social science should choose an epistemological stance from an available menu (Cresswell, 2012), or in other cases simply conform to the prevailing epistemological stance of the discipline which they are joining. This can lead to some odd ideas. For instance, Trafford and Lesham advise:

"if your doctorate is located in the science-related disciplines...your research design will take a deductive approach towards enquiry and epistemological issues. In the social sciences, you are faced with a choice of paradigms - the testing of theory through deductive approaches, the development of theory through inductive approaches or a combination of deductive and inductive approaches." (Trafford and Lesham, 2008, p.97)

Together with the implication that social science is not a science-related discipline, a more surprising implication is that science-related disciplines do not need inductive approaches because they do not develop theory.

In order to avoid the pitfalls of reliance on the kind of methodological conventions which MacIntyre criticises, this chapter is focused on MacIntyre's and Gadamer's seminal works. There are some respects, for instance, in which MacIntyre's thinking

could be construed as social constructionist inasmuch as he sees moral codes as developed within traditions and social practices, but the term 'social constructionist' is so wide (Burr, 2007) as to be perhaps more misleading than helpful, especially when MacIntyre himself has already taken the trouble to articulate his own position in some detail. Similarly, MacIntyre has been described by some as a critical realist (Achtemeier, 1994), but MacIntyre does not choose to describe himself in those terms, and again, a discussion of critical realism will not necessarily help in developing a research method in tune with his thinking.

### **3.3 MacIntyre on tradition-constituted enquiry (principle 1)**

Any research project which claims to be 'MacIntyrean' must at least conform to MacIntyre's most central ideas on rationality and moral enquiry. A good starting point for this is to understand MacIntyre's idea of tradition-constituted enquiry, and to understand this, as MacIntyre does, in contrast to other rival modes of enquiry. In *Three Rival Versions of Moral Enquiry*, MacIntyre (1990) seeks to delineate his own position relative to what he sees as two other radically opposed methods of moral enquiry, which he terms encyclopaedia and genealogy, both of which he argues are inadequate in certain respects. He characterises the two contrasting positions of the encyclopaedist and the genealogist by investigating particular exemplars, these being on the one side primarily the editors of the Encyclopaedia Britannica, particularly the Ninth Edition and the academic mainstream which they represented, and on the other side primarily Nietzsche and Foucault.

'The encyclopaedist's conception is of a single framework within which knowledge is discriminated from mere belief, progress towards knowledge is mapped, and truth is understood as the relationship of *our* knowledge to *the* world, through the application of those methods whose rules are the rules of rationality as such. Nietzsche, as a genealogist, takes there to be a multiplicity of perspectives within each of which truth-from-a-point-of-view may be asserted, but no truth-as-such, an empty notion, about *the* world, an equally empty notion. There are no rules of rationality to be appealed to, there are rather strategies of insight and strategies of subversion.'

(MacIntyre, 1990, p.42.)

MacIntyre regards the two sides as irreconcilable with each other, each locked into their own ways of thinking and speaking. The encyclopaedist emphasises a unity of truth and reason where the genealogist emphasises plural views and truths which are always relative to one view or another; the encyclopaedist stresses synthesis and progress towards agreement where the genealogist emphasises conflict and struggle between rival perspectives; and the encyclopaedist regards statements as expressing

a warranted fixity of belief where the genealogist regards them as passing moments in the development of one position against another. (MacIntyre, 1990, pp.37-38.)

### **Encyclopaedia**

The failings of encyclopaedia in the sense described here as a type of moral enquiry claiming a universal appeal from a neutral standpoint but ending in intractable disagreement are a recurring theme of MacIntyre's writing (MacIntyre, 2007; MacIntyre, 1977; MacIntyre, 1978). Despite all the aspirations and efforts of the enlightenment, no unity of moral theory has emerged or seems likely to emerge; there is no measured progress towards agreement and no fixity of belief. Instead there are a number of competing meta-theories, a continuing series of newly emergent theories to set aside the older ones, and a fluid context for evaluation in practice. For MacIntyre, no lengthy refutation of encyclopaedia is needed on his part, because the modernist project of universal reason has already disintegrated into postmodern factions:

‘The transformation of the moral enquirer from a participant in an encyclopaedic enterprise shared by all adequately reflective and informed human beings into an engaged partisan of one such warring standpoint against its rivals is an accomplished fact, any adequate recognition of which results in the dissolution of the encyclopaedist's standpoint, a dissolution evident in the current Fifteenth Edition of the *Encyclopaedia Britannica*.’ (MacIntyre, 1990, p.56)

### **Genealogy**

The failings of genealogy are less obvious and MacIntyre spends some time arguing for them. His arguments are of two types, which may be summarised as follows.

The first argument concerns the genealogist him or herself. The projects of the genealogist are essentially iconoclastic and mutating. They are designed to show how accepted theories and assumptions can be reinterpreted and thus shown to be not as securely founded as previously thought. The genealogist does this, not by providing a counter-argument in the style of encyclopaedia, appealing to some acknowledged shared standard or by providing an alternative theory to be supported and defended as a new fixed position, but rather by a process of masking and unmasking, adopting one stance and then moving onto another. However, this stance-less stance is, MacIntyre argues, ultimately self-defeating, because it cannot account for that enduring and substantive self which stands behind the various personae adopted. (MacIntyre, 1990, pp.54-5).

The second argument concerns agreed rules of rationality. Inasmuch as the genealogist is writing for him or herself or for any other reader, and inasmuch as the

genealogist engages in a project, evaluates, re-evaluates and moves on, these processes of argument, engagement and evaluation are dependent on a number of quite ordinary and generally agreed rules of rationality, such as the rule of non-contradiction or appeals to evidence. In doing so, the genealogist inevitably falls back into a non-genealogical mode, a necessary compromise with encyclopaedia. (MacIntyre, 1990, p.55)

Genealogy, of course, is a highly variable term; we should not imagine that MacIntyre has addressed 'genealogy-as-such', and MacIntyre's own argument suggests that genealogy-as-such is an empty term by its own standards. So we find, for instance, Williams (2002), a self-avowed genealogist, approving of much of MacIntyre's criticism, and defining his own project very differently from those of other genealogists, including the iconoclastic enterprises of Foucault (1977). In this regard Williams captures the sense of MacIntyre's chief criticism of a certain kind of genealogist vividly:

'they are obsessively concerned with their own status, and they hope, in particular, systematically to efface the marks of a writer asserting something to a reader. Alasdair MacIntyre has used the word ['genealogy'] to apply to such a project and has also brilliantly expressed its difficulties, spelling out the awkwardness that inescapably catches up with the writer, however quick on the turn he may be, who holds up before the reader's lens a sign that something is true or plausible or worth considering, and then tries to vacate the spot before the shutter clicks.' (Williams, 2002, pp.18-19.)

### **Tradition as a mode of enquiry**

What matters for current purposes is not whether MacIntyre achieves a knock-down argument against genealogy, but whether the particular form of genealogy he describes successfully acts as a foil against which his own conception of tradition-based enquiry can be understood. Against what he argues are the inadequacies of both genealogy and encyclopaedia as methods of moral enquiry, MacIntyre (1990) presents an alternative approach which is based on his reading of Thomas Aquinas' solutions to the disagreements between two traditions of philosophy, one based on an affiliation to Aristotle, the other based on an affiliation to Augustine, and both apparently intractably and fundamentally opposed to one another. This gives MacIntyre a model for what he terms *tradition* as a mode of enquiry.

MacIntyre characterises a living tradition as "an historically extended, socially embodied argument, and an argument precisely in part about the goods which constitute that tradition" (MacIntyre 2007, p.222). He sees a thriving tradition as one which is always open to challenge, from the outside and from the inside, and it is through the process of challenge, conflict and resolution that traditions develop the

modes of reasoning which are particular to each. In order to develop a research method that fits with MacIntyre's notion of tradition-constituted enquiry, it is important for the researcher to be able to understand the implications of that model and to avoid some possible misunderstandings.

Tradition-constituted enquiry is a linguistic one: the language of one tradition confronts the language of another, and our ability to understand other traditions is a limitation to such enquiry. This has led some to focus on what MacIntyre describes as the idea of learning a 'second first language' (Lutz, 2004). If we cannot understand the language of another speaker as they do, then we cannot understand fully the concepts which they might be trying to communicate, since those concepts do not necessarily translate into our own language. Lutz (2004), however, warns against misinterpreting the idea of a second first language as a recommended research procedure. In fact it is only under particular, perhaps quite unusual circumstances, that anyone is in a position to learn a second first language in this sense. The notion is not intended to suggest a specific programme for research, but to highlight problems of translatability in any research which operates across the boundaries of different traditions.

At this point we might note some of the following implications for the research which arise most immediately from MacIntyre's insistence that moral enquiry should be seen as tradition-constituted:

- The researcher must declare his own affiliation to some tradition; in the case of this research project, that affiliation is clearly to Aristotelian virtue ethics. The position of the researcher as a rational agent in this respect should be explicit at all stages of the enquiry.
- Such an affiliation must be thoroughgoing. It would not amount to an affiliation at all if, in the style of genealogy, the researcher tried out one tradition or stance for this project, a different tradition for the next one, and so on.
- Similarly, there can be no question of the researcher assuming some form of supra-traditional neutrality, with an accompanying claim to argue from universal principles of rationality in the style of encyclopaedia.
- The researcher needs to be sensitive to problems of translation, particularly when gathering primary data. Such problems might be relatively obvious in some instances where unfamiliar or technical terms are used, but much less obvious when ordinary language disguises differences in deeply rooted, unspoken assumptions.

It is also worth noting with respect to this last point that it carries with it some further implications about the degree to which the researcher needs to be able to speak in a technical jargon. Since this research project involves interviewing bankers about their careers and their views of ethics and leadership in banking, the researcher needs to have a sufficient understanding of the terms in which that group speak. However, this comes with two important qualifiers. First, it is much more important that the researcher understands the moral language of the group than that he understands their technical language.<sup>14</sup> Second, a large aim of the research is exactly to gain an understanding of the group's moral thinking. Inevitably, therefore, the researcher begins the process with an imperfect understanding of the way that the group thinks about ethics, an understanding which he aims to improve as the research progresses. Just as the position of the researcher relative to Aristotelian tradition is important for this mode of enquiry, so is the position of the researcher's supervision team. The lead supervisor for this research has been Prof. Ron Beadle and the second supervisor, Dr. Johan Coetsee. Prof. Beadle is a noted supporter of MacIntyre and an authority on empirical enquiry in a MacIntyrean mode, whose work is cited throughout this thesis. He has been able to offer guidance on MacIntyre's thought and critical reflection where appropriate on the researcher's interpretation of primary data. Dr. Coetsee has had an important role in ensuring that the approach taken is balanced from the wider perspective of organisation studies.

### **3.4 Moral enquiry as narrative (principle 2)**

Bearing in mind the foregoing account of MacIntyre's thought, one might draw the conclusion that MacIntyre's own method of enquiry is tradition-constituted and that this is what particularly defines his work. It might then also be thought that for a researcher to follow a MacIntyrean line of enquiry, his or her research design should likewise be characterised by being tradition-constituted. But this would be only part of the story.

It is, by MacIntyre's account, all but impossible for anyone to undertake any enquiry whatsoever which is *not* tradition-constituted, whether that tradition be Foucauldian postmodernism, Husserlian phenomenology or British empiricism. We could say, perhaps that MacIntyre insists that the enquirer declare from within which tradition they

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<sup>14</sup> For instance, by the word 'integrity' bankers mean something very different thing from what Aristotelians mean, and an understanding of this is essential to the research. It is not similarly essential for the researcher to understand the formulae by which the statistics of the M3 money supply are calculated.

are making their enquiry, but then this would be no more than is normally required of any PhD in social science. The language varies, of course. Cresswell (2004, p. 5), in offering researchers a menu of five 'approaches' appropriate for qualitative research for them to choose amongst, says that he used to call them 'traditions'. A central part of MacIntyre's thesis is that enquiry is *as a matter of historical fact* tradition-constituted, whether we like to think so or not, and it seems mainstream social science agrees with him in this respect.

What is distinctive about MacIntyre's own procedure of enquiry and argument is not just that it is undertaken from the standpoint of some tradition or other, but that it is philosophy in the form of narrative enquiry. The core thesis which he seeks to develop in his major works is that enquiry which is consciously tradition-constituted is superior to either encyclopaedia or genealogy. His means of developing that thesis is narrative. Tradition-constituted enquiry is always historically situated and can only properly unfold through the telling of a sequence of events, which give a context for interpretation.

### **The narrative procedure of MacIntyre's philosophy**

This is made very clear in the opening chapter of *After Virtue*, in which he sets out what his method will be, and it is a method which he continues to pursue in his next two major works, *Whose Justice? Which Rationality?* and *Three Rival Versions of Moral Enquiry*. At the start of *After Virtue*, MacIntyre (2007) sketches out his well-known apocalyptic scenario of a world which is intellectually so disordered that it cannot detect its own disorder. He paints a picture of a fictional future, in which, due to a global catastrophe, the resources of natural science have been lost. In time, an attempt is made to restore them but, by this point, knowledge of those sciences has been so eroded that only fragments remain. No one has a sufficient understanding anymore to be able to reconstruct those fragments into a restored whole, so that people debate the merits of this or that theory or principle, but with no real idea of how the whole system originally functioned. Disputes are rendered both irresolvable and futile. Any philosopher of science in this state of affairs will offer no more resources than anyone else; without a knowledge of the original system which made sense of the fragments now in play, all that philosophers will be able to do will be to analyse and articulate the status quo. MacIntyre compares this fictional future for the natural sciences with what he diagnoses as the actual state of moral philosophy now; we do in fact now live with and debate with the fragments of what used to be a coherent whole moral system, and because we do not understand the way that those elements once fitted together into a whole and functioning system, we live in a state of intellectual chaos in which we can neither resolve our disputes nor recognise that chaos for what it is.

In this context, MacIntyre not only portrays moral philosophy as incoherent, but also portrays contemporary philosophy more generally as unable to offer any resolution, since both analytical and phenomenological approaches to philosophy are capable only of describing and articulating what they encounter in contemporary language and in social life. It is only through a historical and narrative approach to philosophy that any adequate diagnosis can be offered:

‘In the real world the dominant philosophies of the present, analytical or phenomenological, will be as powerless to detect the disorders of moral thought and practice as they were impotent before the disorders of science in the imaginary world. Yet the powerlessness of this kind of philosophy does not leave us quite resourceless. For a prerequisite for understanding the present disordered state of the imaginary world was to understand its history...[in a sense which] Hegel called philosophical history and what Collingwood took all successful historical writing to be... We shall have to ask whether we can find in the type of philosophy and history propounded by writers such as Hegel and Collingwood - very different from each other as they are, of course - resources which we cannot find in analytical or phenomenological philosophy.’ (MacIntyre, 2007 pp2-3)

In Chapter 1 of *After Virtue* the primary device used to make MacIntyre’s argument for the method of argument which he then proceeds to employ is itself a fictional narrative<sup>15</sup>, and this is explicitly self-referential. MacIntyre is using a narrative method to argue for the strength of that method.

Without further preamble, MacIntyre then writes *After Virtue* in exactly this way, combining history and philosophy in order to present his argument about the current state of moral philosophy. MacIntyre’s own procedure does, of course, very directly concern history in an academic sense, but this does not exclude narratives of other kinds, including biography, autobiography, fiction and drama. All of these are legitimate sources of understanding, and in *After Virtue* and *Whose Justice? Which Rationality?* MacIntyre uses different types of narrative to suit his purpose at appropriate points, whether that be Jane Austen’s novels, Sophocles’ tragedies, Thucydides’ history or Homer’s poems. In each case, he is interested not only in the story which first presents itself, but also the stories behind the story: Why did Thucydides write his History of the Peloponnesian War the way that he did? What was it in the changing social structures of 5th Century Athens that enabled Sophocles to write the dramas that he wrote, and what changes to social structures did Sophocles enable in writing the way that he did? MacIntyre is always interested in situatedness,

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<sup>15</sup> It is striking in this context how close his procedure is to what Williams (2002) describes as his own method of fictional genealogy.



so much so that when he considers and criticises Hume in Chapter XV of *Whose Justice? Which Rationality?*, he spends as much time on Hume's biographical story as on Hume's philosophical writing.

### **Narrative in empirical enquiry**

It follows that any researcher wishing to follow a MacIntyrean line of enquiry must employ a narrative technique in some respect. This does not have to be history in an academic sense, but it does need to involve the hearing and telling of stories. In a research interview, the researcher will be interested in their interlocutor's story and the context in which that story unfolds; and in the presentation of findings, narrative will play an important part in explaining and justifying any theses which emerge.

It follows also that the questions which are characteristically MacIntyrean are not strictly the questions of phenomenological philosophy concerning personal lived experience nor the questions of analytic philosophy concerning linguistic structures, although MacIntyre is concerned with these questions too. Rather, MacIntyre's characteristic questions are ones of narrative causation and meaning in the context of the unity of a human life: 'I can only answer the question "What am I to do?" if I can answer the prior question "Of what story or stories do I find myself a part?"' MacIntyre (2007, p.216). We rightly think of questions of practices and institutions, excellence and effectiveness, traditions and rationality as being characteristic of MacIntyre's project, but these more specific questions only arise as they do after the basic questions of life narratives have been pursued.

### **3.5 Plain persons and moral philosophers (principle 3)**

In Chapter VI of *Three Rival Versions of Moral Enquiry*, MacIntyre explains that philosophy is a craft and as such carries with it forms of learning, discipline and conceptions of the good which are typical of any craft. The philosopher – a category which includes the enquirer or researcher – progresses within that craft by learning from mistakes, discovering retrospectively the distinction between what really is good and what just seemed good at the time. This process of learning involves acknowledging limitations, and understanding the difference between "what is good and best for me here and now", given those limitations, and "what is good and best as such, unqualifiedly" (MacIntyre, 1990, p.127).

Philosophy is theoretical in nature, but always placed in a reciprocal relationship with practical social life. Philosophical theories are developed out of social practice, and in turn the theories which emerge affect the development of social practice. This is true

not only of traditions and societies but also of individuals. 'The history of the moral life and the history of moral enquiry are aspects of a single albeit complex history' (MacIntyre, 1990, p.129).

Insofar as MacIntyre's view is now Thomistic and Catholic, he endorses the idea of natural law, and that includes a theistic world view. However, we can still understand the implications of naturalism for moral epistemology without assuming a theistic stance. Moral truths are real and they can be understood by 'plain persons and philosophers or theologians alike' (MacIntyre, 1990, p.136).

### **The position of the author**

The attention paid by MacIntyre to the enduring self of the author is of some significance for his description of his own position. He is continually interested in the author's stance, and it is a central complaint against Foucault that "the author" for him names a role or function, not a person' (MacIntyre, 1990, p.51). MacIntyre is interested not only in what an author says they think, but what they *actually* think, as it shows up in what they do, and most especially in where they belong in terms of tradition, community or practice. It seems that MacIntyre is always liable to ask the question; "Where do you stand?" "To which tradition do you belong?"

There is perhaps a temptation at this point to skip over the importance attached to both author and reader in MacIntyre's account and move straight to discussion of communities and traditions, but this would by-pass a radical feature of MacIntyre's argument which has a direct implication for research method in a MacIntyrean mode. He is in effect saying that arguments *ad hominem* are not only legitimate, but indispensable, and in *Three Rival Versions of Moral Enquiry* he uses *ad hominem* arguments to undermine the arguments of Nietzsche and Foucault. This is remarkable in several respects. It traces the lineage of ideas through authors, their works and their lives in a way which is itself strongly reminiscent of genealogy. That an account of the genesis and development of genealogy could be delivered by tracing the personal histories and careers of some of those protagonists in such a way as to undermine the claims of genealogy-as-such bears more than a passing resemblance to Foucault's own description of some aspects of genealogy, including the idea of mockery of pretensions to grandeur – 'Zarathustra himself is plagued by a monkey who jumps along behind him, pulling at his coattails' (Foucault, 1977, p.143).

In MacIntyre there is a call, both explicit and implicit for the reader to go beyond the text, to the author of the text. In terms of hermeneutics, this implies that the hermeneutic circle does not only rotate between reader and text, but also between

reader and author. "Texts are always moments in conversations." (MacIntyre, 1990, p.196) For MacIntyre, the words pronounced are only part of the story. Equally important are questions of who uttered them, in what circumstances and for what reasons. And of course, this mode of argument, which pays close attention to the history of other arguments, is exactly the mode of argument of MacIntyre's own major works. By extension, with regard to moral enquiry, not only does the identity and situation of the author matter, but so does his or her moral character; and the same things are true of the enquirer. This is because all moral enquiry is a form of practical rationality. It is thus dependent on one's situation in some community and is further dependent on one's virtues of character as well as of intellect.

### **Plain persons**

A similar emphasis on the practical and socially involved nature of rationality is at the root of MacIntyre's interest in 'plain persons'. MacIntyre's idea of the relationship between plain persons and moral philosophers is implicit in *Three Rival Versions*, and spelt out more fully in the article 'Plain Persons and Moral Philosophy: Rules, Virtues and Goods' (MacIntyre, 1992a). He takes it as obvious that moral philosophers are "of course themselves in most of their lives everyday plain persons", but argues that plain persons are also inevitably moral philosophers, and that "on an Aristotelian view, the questions posed by the moral philosopher and the questions posed by the plain person are to an important degree inseparable." (MacIntyre, 1992a, p.3) This is because each of us as plain persons in everyday life, when confronted with the question 'What should I do here?', are naturally led to more general questions such as 'What is good for people to do in this kind of situation?', and thence to more fundamental questions such as 'What sort of life should I lead?' and 'What sort of lives should people lead?' (MacIntyre, 1992a, pp. 3-4).<sup>16</sup> Elsewhere, speaking of medical personnel dealing with day to day decisions in medical ethics, he says, 'Medical men and women have as much chance of not being philosophers as M. Jourdain<sup>17</sup> has of not speaking prose.' (MacIntyre, 1978, p.40). It is a recurring theme of his work (MacIntyre, 1977b; MacIntyre, 1984b; MacIntyre, 1990) that plain persons are in just as good a position as moral philosophers are, and sometimes better, to answer key questions of moral

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<sup>16</sup> MacIntyre phrases these questions in terms of 'goods' and 'the good', making the argument in the article that plain persons are proto-Aristotelian. This latter claim is of course of interest, and could be explored through qualitative research. However, for the present, it is an additional argument over and above the more basic proposition that plain persons are also moral philosophers of whatever stripe.

<sup>17</sup> M Jourdain is the eponymous hero of Moliere's play 'Le Bourgeois gentilhomme', in which he is delighted and impressed to discover, in the course of taking lessons in aristocratic manners, that he has been speaking prose all his life.

philosophy, because they are forced to achieve a coherence in practice, for instance with regard to medical ethics, which professional philosophers have failed to achieve. He stresses that he strongly sympathises 'with any businessman who thinks it something of an impertinence for a professor to lecture businessmen on business ethics; if such a businessman were to ask "Why should I not give lectures to professors on academic ethics?" the only appropriate reply would be "Why not indeed?"' (MacIntyre, 1977b, p.99)

This insistence that we cannot disentangle plain persons from moral philosophers is closely related to an insistence that we cannot disentangle theory from practice. Practice precedes theory in two ways. We learn about ethics first and foremost by being immersed in social practices - without some such education, the development of a fully human rationality is impossible - and theory articulates and reflects on the practice it finds. At the same time theory affects practice, so that the relationship between the two is reciprocal. Changing practices affect theory and changing theories affect practice.

If we take these two related claims seriously, it follows that not only are plain persons moral philosophers in the sense that they may ask deeply rooted ethical questions, but also they answer those questions in practice by taking actions which then change philosophical theories. So when the researcher approaches 'plain persons' in the course of his research, he is also enquiring after people who are developing ethics in practice and in theory, even when they are not aware that they are doing so.

### **3.6 The provisional status of claims to truth (principle 4)**

One of the significant contributions that Lutz (2004) makes to understanding MacIntyre's thought is to draw attention to the importance of the word 'rationality' in the title of MacIntyre's book *Whose Justice? Which Rationality?*. Lutz repeatedly points out that MacIntyre has developed a thesis which locates rationality within traditions, and which recognises that the standards of rationality available to any particular persons are dependent on the tradition or traditions in which they have learned to reason. There are thus no absolute standards of rationality. Rather there are a number of different systems of rationality, each with its own internal standards, so that it makes sense to speak not so much of rationality, as if it were one thing, but rather of rationalities: the rationality of heroic or Homeric society is not that of Aristotle and the Lyceum; the rationality of Roman Catholic theology is not that of secular liberalism; and so on.

## Relativity and relativism

This leads to a position which could be misinterpreted as moral relativism, though that is clearly not MacIntyre's intention. Lutz (2004, pp.66-69), following Krausz (1984), distinguishes two positions, one of which he calls 'relativity' and the other 'relativism'. 'Relativity' is the idea that our means of rational enquiry including our standards of reasoning are always dependent on our particular cultural context; this is consistent with MacIntyre's position. 'Relativism' is a wider term referring to a general view that moral values are relative to particular cultures including the claim that when two or more moral traditions clash, there is no rational basis for deciding between them. Lutz wishes to concede MacIntyre's relativity, whilst defending him against accusations of relativism and he does this by drawing a line between truth and rationality.

MacIntyre (1998, p.214) understands truth as the adequacy of 'the intellect to its objects'. He understands rationality as providing a shared stock of resources for determining the truth of judgements and choices which is always available in some particular form relative to some particular culture. This description of the status of rationality does not in itself imply anything about the status of truth<sup>18</sup>, and is compatible with either the idea that truth is relative or the idea that truth is absolute. This general position is equally at home in moral or in other areas of enquiry. If we say that Aristotle was mistaken in supporting the institution of slavery, we are not also committed to the view that his position was irrational.

This distinction is indispensable in understanding MacIntyre's idea of tradition-constituted enquiry. If one avoids interpreting MacIntyre as a moral relativist, it is still possible to interpret him as an authoritarian conservative, in the sense that he might be thought to be setting up the authority of tradition as an arbiter of truth. Again, Lutz's distinction makes it clear that for MacIntyre traditions provide the basis for rationality

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<sup>18</sup> That rationality and truth are very different can be illustrated with the following simple example. Let us say I believe there is a cat in my neighbour's garden. This belief is true if there really is a cat in my neighbour's garden, and rational if I have come to the belief in a reasonable way. These two are not necessarily equivalent. Let us say that I hold the unreasonable theory that a cat comes into my neighbour's garden whenever a member of the British royal family appears on my television. If a member of that family appears today on the television, then I deduce that there is a cat in my neighbour's garden. And if, coincidentally, there is in fact a cat in my garden, this belief turns out to be both irrational and true. Conversely, suppose I hold the more reasonable theory that, since my neighbour owns a cat and I have frequently seen the cat and heard it mewing in her garden, then if I hear the usual mewing in the usual garden, then there is a cat in my neighbour's garden. Suppose that today I hear the usual mewing in the usual garden, and I therefore deduce that there is a cat in my neighbour's garden, but that on this occasion I am wrong. (On this occasion the cat is in the cattery, my neighbour is away on holiday, and she has left an automatic recording of her cat's meow running intermittently in the garden to keep the birds off her raspberries.) This belief turns out to be rational but untrue.

rather than truth. An appeal to traditional authority as the justification for one's claim to truth is simply to admit failure, and in crucial respects MacIntyre's claims for rationality and for traditions as the basis of rationality are much more modest than his claims about truth. "Tradition is not the arbiter of truth; it is merely the bearer of the tools with which its adherents seek the truth, and those tools are subject to improvement." (Lutz, 2004, p.84)

## Truth

MacIntyre favours a perhaps surprising correspondence theory of truth, with the key distinction that the correspondence in question is not between statements and the world, but between mind and the world, or more accurately, between mind or intellect and its object. In the article, 'Moral Relativism, Truth and Justification' (MacIntyre, 1998) he makes his case mainly in the language of analytic philosophy for this conception of truth which he terms *adaequatio intellectus ad rem* (adequacy of intellect to its object). Elsewhere he has it as the adequacy of mind to its objects. MacIntyre emphasises that 'mind' here is not a Cartesian quasi-entity, but is rather a kind of activity which thinking animals undertake in engaging with the natural and social world, such as:

"identification, reidentification, collecting, separating, classifying, and naming and all this by touching, grasping, pointing, breaking down, building up, calling to, answering to, and so on. The mind is adequate to its objects insofar as the expectations which it frames on the basis of these activities are not liable to disappointment and the remembering which it engages in enables it to return to and recover what it encountered previously, whether the objects themselves are still present or not." (MacIntyre, 1988, p.356)

This description would be self-defeating if it purported to provide a definition of truth which rests outside of any tradition. It should be understood as being a partial description of what it means for someone to hold a true belief formed through some tradition based rationality, but the description nevertheless characterises a notion of what it means for belief to be true which goes beyond the question of the internal coherence of one tradition or another. In other words, MacIntyre, from the perspective of his own Aristotelian and Thomist tradition, sees an external reality which is beyond tradition, and a particular correspondence between people and the objects of their beliefs as providing limits to truth which are also beyond tradition. Other traditions (genealogy for instance) may of course see this differently, and this will be part of *their* standards of rationality, just as this particular view of truth is part of MacIntyre's standards of rationality.

This notion of the adequacy of mind to its objects given here is primarily an instrumental one and, as MacIntyre observes, a primitive one. It is also one which is not presented as a means of arbitrating between the competing theories of one tradition or another – it cannot fulfil that function on a MacIntyrean account since it may not itself be recognised as valid by those particular traditions – but rather as an account of the way that people (and traditions) learn. Although this characterisation of truth is useful, it is important to remember that MacIntyre has not set out to give an account of a theory of truth, and that he also characterises truth, following Aristotle, as the *telos* of rational enquiry (MacIntyre 1998). This appears at first to be a rather different kind of object from the *res* mentioned earlier, which is Thomist and concrete – “for example, actual specimens of sodium or chlorine, about which the chemist enquires, or the actual strata about which the geologist enquires, (MacIntyre 1998, p.214). The Aristotelian *telos* includes such objects of enquiry as “the nature and status of human goods, duties, virtues and rights” (MacIntyre 1998, p.214).

### **Perspectivism and emotivism**

Lutz (2004, pp. 69-71) emphasises that, where relativism can be thought of as a general view that there is no rational basis for deciding between two conflicting moral traditions, perspectivism is the stronger and more precise claim that moral theses should not be thought of as true or false in an ordinary sense.

This undermining of the truth status of all moral values is a primary target for MacIntyre. It is directly named as perspectivism (MacIntyre, 1988 p.352), but very often in *After Virtue* and elsewhere is equated with emotivism, wrongly according to Wachbroit (Lutz 2004, p.82), and in *Three Rival Versions of Moral Enquiry* with genealogy. Wachbroit’s criticism is that MacIntyre’s target is misplaced, that emotivism was the ‘boo huray’ theory of moral expression which “enjoyed some popularity in England and America in the 1930’s and 1940’s” but today “is accepted by few philosophers” (Wachbroit, 1983). Wachbroit may have a point about the term emotivism. However, MacIntyre has not attacked a straw man; ‘perspectivism’ or ‘emotivism’, by whatever name, as a post-Nietzschean viewpoint and in the sense MacIntyre describes it, was at least still alive and well in the 1970s and 1980s in the writings of John Mackie (1977) and Simon Blackburn (1984). Blackburn (1984) describes his own position as ‘quasi-realism’ and distinguishes it from ‘projectivism’ (which he also supports) in the following note:

“It is important to be clear about the distinction between projectivism and quasi-realism. Projectivism is the philosophy of evaluation which says that evaluative properties are projections of our own sentiments (emotions, reactions, attitudes, commendations). Quasi-realism is the enterprise of

explaining why our discourse has the shape it does, in particular by way of treating evaluative predicates like others, if projectivism is true. It thus seeks to explain, and justify, the realistic seeming nature of our talk of evaluations - the way we think we can be wrong about them, that there is a truth to be found, and so on.” (Blackburn, 1984, p. 180)

A root difference, then, in Blackburn’s account, compared to MacIntyre’s, is that Blackburn (and Mackie before him) thinks that our usage of ‘truth’ in evaluative predicates is in some way metaphorical or analogous in comparison to truth in ordinary predicates. We might say: ‘When it comes to moral utterances, there is no reality out there, but we talk as if there is.’ MacIntyre believes that there is a reality out there, and that our thinking (and our speaking) might be more or less adequate to it.

MacIntyre’s opposition to what he calls perspectivism is theoretical in the sense that it is an opposition to a particular type of thesis. Relativism can similarly be expressed in the form of a theory, for instance as a position that moral truths are always relative to some particular culture or other, so that some general precept, “ $\Phi$ -ing is bad”, uttered at one time and place is not necessarily incompatible with an apparently opposite precept, “ $\Phi$ -ing is good”, uttered in a different cultural context. And in this form relativism can be opposed as theory. However, MacIntyre is more interested in opposing relativism as practice. He thinks relativism is lazy (Lutz, 2004, p.67).

In terms of rational argument, the assumptions of relativism encourage the parties to a debate to agree to disagree, where MacIntyre’s assumptions encourage both parties to persist in their quest for ‘the truth’, whether that means one tradition abandoning its former belief in favour of the other tradition, or both traditions modifying their beliefs in the light of the other. For MacIntyre, there can be no ‘giving up’ on this, because the coexistence of two contradictory beliefs, “ $\Phi$ -ing is bad and  $\Phi$ -ing is good”, cannot express an adequate relationship of mind to its objects. Hence, MacIntyre characterises objectivity in social science as openness to conflict or we might say a sensitivity to and a refusal to ignore fundamental disagreement.

MacIntyre offers a succinct characterisation of this in his article *Relativism, Power and Philosophy* in which he seeks not to refute relativism, but to learn what truths it has to offer and to move beyond it. “Relativism after all turns out to be so far immune to refutation... It does not follow that relativism cannot be transcended.” (MacIntyre, 1989) In this argument, relativism is a natural stage for anyone to move through when they encounter conflicting beliefs at the border between two traditions or cultures. Anyone who has to live with two conflicting cultures may be in the position for a time of being unable to make a rational choice between either. MacIntyre’s concern is that this is not where the story should end. If relativism has the last word, then two possible



futures present themselves. One possibility is that one culture will ultimately impose its beliefs on the other through the exercise of will and power (imperialism in Lutz's analysis). The other possibility is an indefinite state of intractable dispute, as MacIntyre characterises the current state of moral philosophy. In other words, for MacIntyre, thoroughgoing relativism is an expression of pessimism, a way of giving up on rational engagement with another tradition because no hope of rational resolution is held up for such an engagement. MacIntyre's core project is to propose an alternative procedure of rational engagement between traditions so that neither intractable dispute nor imperialism win the day. *Whose Justice? Which Rationality?* and *Three Rival Versions of Moral Enquiry* are then full articulations of how that procedure should be attempted.

### **The standards of truth**

In recognising the difficulties that are implied by this process of confrontation and learning, MacIntyre (1988, p.358) draws attention to the important roles that discrepancy, failure and correction have in the journey towards truth. It is only by looking back and identifying the 'previous intellectual inadequacy' of ourselves or our predecessors in comparison with what we now judge to be how things really are, that we have some measure of our progress towards truth. This leads him to set the standard of truth extremely high:

'To claim truth for one's present mindset and the judgements which are its expression is to claim that this kind of inadequacy, this kind of discrepancy, will never appear in any possible future situation, no matter how searching the enquiry, no matter how much evidence is provided, no matter what developments in rational enquiry may occur.' (MacIntyre, 1988, p.358)

In distinguishing between the achievements of rational argument and the truth, MacIntyre appears to set an unbridgeable gap between the best available theory and the truth, so that we cannot in practice claim to have discovered the truth, only to have moved towards it. MacIntyre's characterisation of a truth claim as not liable to inadequacy to or discrepancy from reality seems to Lutz (2004, p.72) 'entirely unattainable'.

Gadamer here provides an important point of caution for MacIntyrean enquiry which is explored further in the next two sections. The researcher engaged in qualitative research involving the interpretation of speech or text is primarily engaged in a task of hermeneutic understanding. As such, a claim to truth as characterised by MacIntyre, above, will be beyond the findings of that research, and concomitantly the findings will be provisional, not only in the sense of always being open to re-interpretation, but also in the sense that the goals of such research are always subject to revision (MacIntyre,

1977c). However, it is important to emphasise that this does not mean that truth is not then the goal of enquiry, only that in acts of interpretation, analysis or understanding of others within social science, the researcher may only claim to make progress towards the truth, rather than to have 'discovered' it, and even then such a claim must be provisional.

### **3.7 Gadamer on prejudgement (principle 5)**

'Every tradition is embodied in some particular set of utterances and thereby in all the particularities of some specific language and culture' (MacIntyre, 1988, p.371).

Chapter XIX of *Whose Justice? Which Rationality?* sets out a discussion of the role that language plays in framing any understanding of a tradition, either from inside or outside of the tradition, and it problematises the activity of translation between one tradition and another. This problem is founded on the difference between the assumptions which lie behind one linguistic tradition and the assumptions which lie behind another. The chapter is nothing if not a discussion of the role played by prejudgement in hermeneutics, which MacIntyre (2002b, p.169) sees as 'a subdiscipline of ethics'.

Like MacIntyre, Gadamer is an Aristotelian engaged in articulating practical philosophy, and he conceives of hermeneutics as a form of practical rationality (Gadamer, 2001). When he gives his account of interpretation as tradition dependent, he is following a line of thought which is very close to MacIntyre's idea of rationality being tradition dependent.

MacIntyre makes clear both that he is indebted to Gadamer (MacIntyre, 1980) and also that he has several points of fundamental disagreement with him, most notably concerning metaphysics (MacIntyre, 2002b). Gadamer follows Heidegger, rather than Aquinas, and this more than anything is what distances him from MacIntyre; MacIntyre (1998c), like Adorno (1973) and Levinas (1990), sees in Heidegger's philosophy a system of thought compatible with the National Socialism of his time. This should not prevent us from seeing MacIntyre's project at least partly in the light of Gadamer's work (Knight, 2013) because, seen from that perspective, a great deal becomes clear, including, for instance, that what MacIntyre has done is to develop his own particular version of philosophical hermeneutics, even though he regards the term 'hermeneutics' with some suspicion (MacIntyre, 1980) and prefers generally to speak of philosophical history and ultimately of tradition-constituted enquiry.

In Gadamer we find articulated some of the key themes which also are found in MacIntyre. These include the ideas:

- that there are no neutral standpoints; we cannot entirely escape our prejudices and assumptions, so that we are constituted more by our prejudices than by our judgements (Gadamer, 1975, p. 278);
- that all understanding is historically grounded, always situated, and always incomplete (Gadamer, 1975, pp.299-301)
- that tradition and authority play an unavoidable part in human understanding (Gadamer, 1975, pp. 278-285);
- that understanding of others (and therefore of human sciences) is always an achievement of language (Gadamer, 1975, p.370);
- that there are tools which can be used, but no generalisable techniques, the mastery of which will lead to the truth (Gadamer, 2001, pp.41-42);
- that academic enquiry in social science is modelled on conversation - the notion of conversation in hermeneutics amounts to more than a metaphor (Gadamer, 1975, 385-391).

We also find some key concepts which Gadamer made very much his own and which MacIntyre places much less emphasis on. These include not only his own articulation of the hermeneutic circle but also the idea of a horizon of understanding, and the fusion of horizons, which are particularly relevant for the design of method in this thesis.

It is beyond the current scope of this thesis to devote the same level of analysis to Gadamer's *Truth and Method* as it does to MacIntyre's major works, and it is important to retain the emphasis that MacIntyre has developed and fully articulated his own explanation of rational enquiry which this thesis is following. However, there are important ways in which a review of ideas arising from Gadamer act to further illuminate MacIntyre's notions of moral enquiry, and the central notion of conversation as a paradigm for human understanding on which the present research project depends is entirely dependent on Gadamer. Before proceeding further it will be useful to clarify the ideas of fusion of horizons and the hermeneutic circle as Gadamer articulates them. These ideas are basic to Gadamer's articulation of human understanding. Like MacIntyre, he generally avoids talking about knowledge in developing his own theses, and regards beliefs as always liable to be overturned by encounter with another viewpoint.

## **Hermeneutic Circle**

The hermeneutic circle describes an iterative process of coming to an understanding through interpretation of a text. In the tradition of German literary and scriptural scholarship before Heidegger, this refers to an iterative process between part and whole of a text (Grondin, 2002). With Heidegger, the foreknowledge or prejudgements of the interpreter is introduced into the circle, and the understanding achieved by the interpreter is at each stage determined by this foreknowledge. Gadamer articulates this explicitly in terms of the relationship between interpreter and tradition:

‘The circle, then, is not formal in nature. It is neither subjective nor objective, but describes understanding as the interplay of the movement of tradition and the movement of the interpreter. The anticipation of meaning which governs our understanding of a text is not an act of subjectivity, but proceeds from the commonality that binds us to the tradition. But this commonality is constantly being formed in our relationship to tradition. Tradition is not simply a permanent precondition; rather we produce it ourselves inasmuch as we understand, participate in the evolution of tradition, and hence further determine it ourselves. Thus the circle of understanding is not a “methodological” circle, but describes an element of the ontological structure of understanding.’ (Gadamer, 1975, pp. 293-294)

So for Gadamer, as for MacIntyre, understanding is achieved in the context of tradition, and tradition is a dynamic, forward moving, social phenomenon, always evolving through the collective acts of interpretation of those working within it. And this is inevitable; Gadamer, like MacIntyre, is not describing some type of research process which can be chosen, but rather he is describing the way that all understanding is achieved. This is what the word ‘ontological’ means here: the hermeneutic circle is an element of the structure of human understanding which is built into our nature as rational beings, something which cannot be changed by an act of volition.

## **Fusion of horizons**

All our acts of understanding are circumscribed by a kind of boundary which is determined by our fore-understandings at any particular time and for any particular person or group. This boundary is the horizon of our understanding, beyond which we cannot see, limited as we are by our own particular perspectives. In natural conversations with others or in hermeneutic conversations with texts the boundary of one person’s thought encounters the boundary of another’s and a joining or ‘fusion’ takes place, through which our perspective may be altered, and new understandings become available to us. Gadamer conceives of this process as occurring between persons, between scholar and text, and between different stages in the development of

a tradition over time. New understandings are never achieved in isolation from old understandings, but always by the development of one understanding from another.

‘Hence the horizon of the present cannot be formed without the past. There is no more an isolated horizon of the present in itself than there are historical horizons which have to be acquired. *Rather, understanding is always the fusion of these horizons supposedly existing by themselves*’. (Gadamer, 1975, p. 305, original italics.)

That all understanding is historically grounded, always situated, and always incomplete (Gadamer, 1975, pp.299-301) implies various consequences for social science research which are not always widely acknowledged. It implies, as already discussed, the importance of narrative enquiry. Further, it implies that social science enquiry is party-dependent (Taylor, 2002) and therefore never truly replicable.

‘Prejudice’, then, for Gadamer and for any researcher following Gadamer, is not a fault to be weeded out, but a necessary precondition for understanding, to be brought into the open and made integral to the research process. Once this is established, it becomes a point of principle which colours all aspects of the research, from the reading of academic literature to the conducting of interviews and the interpretation of transcripts. At each stage of the research process, as the project develops, the researcher following a hermeneutic process can regard another turn of the hermeneutic circle as complete, such that the prejudgements which informed his previous understanding of his topic have now evolved, and each subsequent iteration of the circle begins from a new set of assumptions, built on the foundations of the old ones.

Such foreknowledge can be made partly explicit, but never wholly so, and consequently the basis of our understanding must be always to some extent opaque to us. We cannot escape these prejudgements, but we can seek to make them explicit through a process of reflexivity. Reflexivity then becomes of crucial importance to the quality of the research if distortion is to be avoided (Gadamer, 1975; Finlay, 2002). This is particularly important in the gathering and interpretation of primary data, and this recognition has directly affected the planning and conduct of research interviews as ‘conversations’.

### 3.8 Conversation (principle 6)

‘Conversation is a process of coming to an understanding. Thus it belongs to every true conversation that each person opens himself to the other, truly accepts his point of view as valid and transposes himself into the other to such an extent that he understands not the individual, but what he says. What is to be grasped is the substantive rightness of his opinion, so that we can be at one with each other on the subject. Thus we do not relate the other’s opinion to him but to our own opinions and views. Where a person is concerned with the other as individuality - e.g. in a therapeutic conversation or the interrogation of a man accused of a crime - this is not really a situation in which two people are trying to come to an understanding.’ (Gadamer, 1975, p.387)

Gadamer makes clear the difference between knowledge of an object and understanding of an interlocutor (Taylor, 2002). Knowledge of an object is appropriate to natural science and can be described as a unilateral process (with mind on one side and object on the other) with the ultimate goal of knowledge which is fully secure, and the intent of which is instrumental control. Understanding of an interlocutor by contrast is always bilateral involving both speaker and listener (author and reader, researcher and research participant, etc.); it is party-dependent, inasmuch as either party to this bilateral relationship are liable to change over time; and the goals of such understanding are always open to revision, inasmuch as ‘coming to an understanding [of another person] may require that I give some ground in my objectives. The end of the operation is not control, or else I am engaging in a sham, designed to manipulate my partner while pretending to negotiate.’ (Taylor, 2002, p.128).

#### **Hermeneutic conversation**

Gadamer’s account of conversation as the basis of human understanding is therefore extremely helpful in reminding the researcher how such conversations need to be conducted if they are not to result in the sham described above by Taylor. Gadamer is just as interested as MacIntyre in language and the problems of translation. He spends some time comparing the process of understanding in ordinary conversation with the process of hermeneutic interpretation of a text, and concludes:

“Thus it is perfectly legitimate to speak of a *hermeneutical conversation*. But from this it follows that hermeneutical conversation, like real conversation, finds a common language, and that finding a common language is not, any more than in a real conversation, preparing a tool for the purpose of reaching understanding but, rather, coincides with the very act of understanding and reaching agreement. Even between partners of this “conversation” a communication like that between two people takes place that is more than mere accommodation. The text brings a subject matter into language, but that it does so is ultimately the achievement of the interpreter. Both have a share in it” (Gadamer, 1975, pp. 389-390).

Understanding is a joint enterprise, which brings into language a new subject, and Gadamer defines understanding as both linguistic and historically situated: “The linguisticity of understanding is *the concretion of historically effected consciousness*” (Gadamer, 1975, pp. 389-390).

### **Natural and genuine conversation**

This is important for a researcher hoping to follow philosophical hermeneutics in conducting interviews. For understanding to be possible, the researcher must engage in genuine conversation. The researcher cannot, in Gadamer’s view, stand back from the conversation and observe his interlocutor as an object of study in themselves. As far as possible, the researcher will need to engage with the other as a rational agent and as a co-creator of an understanding or agreement on some topic which is of interest to both parties. ‘As far as possible’, because in some cases it may not be possible for the researcher to engage in this way: there may be occasions on which the views expressed by the other are sufficiently repellent that no such rapport is available. More commonly, there may be simply points on which honest disagreement needs to be acknowledged, in order to preserve the relationship of mutual respect which a genuine conversation implies. Again, this is not to say that a good conversation should be an argument (and the more so with a research interview), but only that the focus must remain on the views being expressed, the story being told, not on the interlocutor as an individual.

There are two main consequences of this, which are in keeping with MacIntyre’s stance, and to some extent enable the researcher to accommodate his views on objectivity as openness to conflict. First is the general attitude which the researcher will need to maintain: any interview based on Gadamer’s notion of a genuine conversation comprises two rational agents in a meeting of views, not a student and an object of study. Second, it follows from that principle, that whilst there is an onus on the researcher to make the effort to understand the other’s viewpoint (the researcher has requested the interview, after all), there is also an obligation on the researcher to offer a view in return when appropriate. In other words, the researcher cannot pretend not to have relevant views and cannot simply withhold views during the conversation. Judgement will therefore be required as to when such moments arise, but these judgements will not be on the basis of pre-planned tactics designed to elicit a particular kind of response. Such tactics would, again, be a recipe for an inauthentic conversation in Gadamer’s terms.

### 3.9 MacIntyrean enquiry

As summarised in Section 2.11 above there is a growing movement of academics who are using MacIntyre's thinking as a basis for empirical enquiry. Beadle and Moore (2011) explore the way in which MacIntyre has influenced research in organisation theory. They make the case that "a set of philosophical commitments unite MacIntyrean and hermeneutic attitudes towards research methods. The intimacy between social structures, social roles ... and the tradition-constituted framework through which notions as fundamental as agency and context are understood provides distinctive boundaries around the conduct of research." They cite a number of MacIntyrean empirical studies which are characterised by an emphasis on thick descriptions created through narrative, and suggest that empirical work claiming to follow MacIntyre's philosophy would exclude certain types of enquiry. They refer to the following list of exclusions from Coe and Beadle (2008):

- 'enquiries which do not relate themselves (including the possibility of critically relating themselves) to a tradition-constituted community of enquiry;
- enquiries seeking to create law-like generalizations through the testing of hypotheses about causation through measurement of a defined list of variables;
- enquiries which do not report their findings in a narrative form;
- enquiries which exclude agents' self-understandings in attempting to account for their behaviour;
- enquiries which exclude either features of institutions (structure) or the agency of subjects in their explanations;
- enquiries which do not recognize the ineliminable presence of the enquirers' judgments in the accounts they present.' (Coe and Beadle, 2008, p.10)

The authors include the point of caution that the second bullet point does not exclude quantitative research, only research which makes positivist assumptions about the creation of law-like generalisations. This is a useful list, but is cast in the negative in order to describe limits to what might be considered MacIntyrean research; it is not a formula for research design. What it can do is to provide boundaries to potential research designs.

We are now in a position to state in a positive mode, six principles of enquiry. These match the six principles of epistemology already explored in the current chapter and are designed to be compatible with the boundaries set by Coe and Beadle (2008).

They are stated here following the same sequence as that explored in the sections 3.3 to 3.8 above:



Principle 1. Moral enquiry is constituted in relation to particular traditions. Traditions provide those bases in rationality from which the researcher enquires and from which participants or respondents answer.

Principle 2. Narrative is both a medium of discovery and a medium for reporting; i.e. the self-understandings of research participants are encountered in the form of narrative, and research findings are presented likewise in the form of narrative.

Principle 3. Plain persons are also always moral philosophers; as moral agents in their day-to-day practice, plain persons are at least as well placed as professional philosophers to develop cogent moral theory.

Principle 4. Claims to truth are provisional. Truth is the aim of enquiry; rationality provides the resources by which enquiry is carried through. Truth cannot be claimed as the outcome of any particular piece of research, only progress towards the truth; theories generated by empirical research are always to some degree provisional.

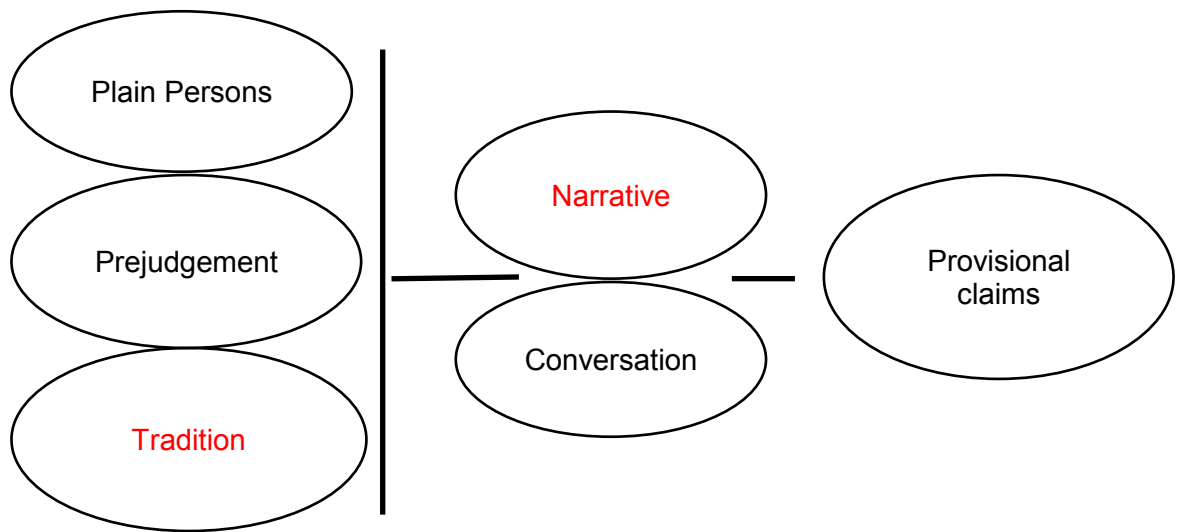
Principle 5. All understanding is conditioned by culturally established prejudgements, a set of assumptions which make a particular agent's horizon of understanding available to them. Again this includes researcher and research participant.

Principle 6. Human understanding is reached through conversations, both natural and hermeneutic, and all genuine conversations are places in which some fusion of horizons is ventured. Conversation is a paradigm for the hermeneutic circle.

Because this list is positively stated, it is more directive than Coe and Beadle's list of exclusions quoted above, but it matches those limitations, allowing that the emphasis and language is in some respects different, mainly because of the introduction of concepts drawn from Gadamer. In both cases the language is not yet fully the mainstream terminology of doctoral research; the terms *interpretation* / *interpretive*, *data*, *data collection*, *analysis*, *coding* etc., have not appeared in the set. Most of these terms will reappear in further discussion, but it will have been helpful to have filled out this background first; 'data', for instance, will reappear as some form of narrative and/or transcript of conversation. For similar reasons, time has been taken up to this point to discuss at length the key notions arising from MacIntyre and Gadamer, in order that terms will be less open to misinterpretation. So, for instance, the use of 'narrative' here does not imply what has become known as 'narrative analysis' (Cresswell, 2013, pp.70-76).

The above six list of six principles may be represented in diagrammatic form as follows:

**Figure 1: Research Design Scheme**



The above diagram is intended as a visual representation of the six key principles of the research: conversation, narrative, prejudgement, tradition, plain persons, provisional truth status. Conversation and narrative occupy a central place, and are particularly relevant to the gathering of primary data: primary data is generated through conversations, and those conversations concern narratives, especially participants' narratives of their own professional lives. On the left of the diagram are those principles which particularly inform the background to the gathering and analysis of primary data, and on the right of the diagram is the principle concerning the status of the research findings with regard to truth and rationality. However, this diagram is not intended to convey an adequate sense of sequencing.

Central to the scheme is the enactment of conversations, both natural and hermeneutic. In particular, in this model primary data is generated through research conversations. These conversations are in the form of 'semi-structured interviews', but because they are explicitly genuine conversations, they also have the following characteristics:

- the conversation is led by neither party, but by both, so that the route that the conversation takes cannot be described in advance;
- there is no attempt to exclude certain types of contribution from the research participant, who may, for instance, offer theories of their own;

- the researcher likewise offers his own views (prejudgements) where appropriate, including on occasion his understanding of relevant academic theory, and there is no pretence of a neutral standpoint;
- disagreement is possible in the conversation, including the possibility of a fundamental failure to understand one another;
- conversational gambits may be used in an ordinary way by both parties, but there is no attempt by the researcher to manipulate the other into a given type of response in a pre-planned way; the research participant is at all times treated as a rational agent.

As with any diagrammatic scheme, there is much that is not stated here. Perhaps the most important omission to highlight here is the idea of reflexivity. This is a strong theme in Gadamer, and he is keen to stress that his rehabilitation of the idea of prejudgement is not an excuse for a lack of rigour in the researcher, or a lack of engagement in conversation. As Gadamer has it, ‘a person who is not ready to put his or her own prejudices in question is also someone to whom there is no point talking’ (Gadamer, 2001, pp.44). This places an obligation on the researcher to continuously reflect on and question his own prejudices, and his own historical standpoint, including his position in any given tradition (Gadamer, 2001, p.46). Reflexivity is therefore an essential theme which runs throughout this kind of research method and is implicit in all elements of the above scheme.

### **3.10 Description of method: data collection**

Data was collected through ten conversations with leaders in Scottish banking in the period January to June 2013. These interviews were set up as genuine conversations (Principle 6) in which the views of both parties were on offer and a fusion of horizons was intended. This is not to say that they were unplanned; an interview plan in the style of semi-structured interviews was used, and this plan is shown at Appendix 1. The conversations gave the participants the opportunity to tell stories (Principle 2) from their own working lives and to tell stories, if they wished, about changes in their profession over the last thirty years. The conversations therefore consisted of a mixture of personal reminiscences (e.g. about their first job) and wider accounts of the banking industry as they saw it.

#### **Conversations**

Because participants were regarded as moral philosophers in practice (Principle 3), there was open discussion of questions which go beyond a simple recollection of first-

hand experience; so for instance there were discussions of the link between moral character and business failure. The views of participants are taken seriously in this regard. So, although the research question, '*Is Scottish banking a corrupted practice?*' could not be put directly to participants, nevertheless it was still possible to explain and discuss MacIntyre's idea of a practice, if this was appropriate to the course of the conversation at the time.

Because these interviews were real conversations, ordinary conversational gambits were undertaken by both parties including the offering of views by the researcher where appropriate. This led to some fruitful exchanges, particularly where the participant either strongly agreed or strongly disagreed with the view offered by the researcher, and this is shown in discussion of findings. There was no attempt made, either before or during interviews to disguise the fact that the researcher had a particular perspective (Principle 5), but in the interests of permitting a genuine conversation, much of this perspective was held back in order to allow the research participant to follow their own line of thought. This was a skill requiring judgement and balance from the researcher. If no perspective is offered by the researcher, then no genuine conversation can take place, but if too much perspective is offered by the researcher, then the views of participants may be stifled. In practice, participants were very forthcoming with their views and very ready to put their own perspective forward if they encountered views with which they disagreed, whether this was a view put by the researcher or a view circulating in public media.

This process assumed an appreciative stance (Michael, 2005), so that if people were encountered who the researcher could not identify with positively as conversation partners, then there was always a risk that any particular interview would fail in this regard. In fact this did not happen, but it does make for a potential limitation on this research method.

The interview plan at Appendix 1 provides a framework which is flexible and which aims to cover two broad themes based on questions designed to elicit autobiographical narrative: "Tell me about your career", "Tell me about a good leader (or a bad leader)", and "Tell me about an ethical challenge in leadership". These questions are framed on Aristotelian lines derived from the literature review, rather than on organisation theory. The first theme of career narrative invites the respondent to structure their own story in the way that they wish, including the narration of their progress towards their *telos*. The second theme invites stories about particular leaders, which might be characterised along ethical lines or not. The third theme introduces an ethical theme explicitly, inviting more stories or other responses including

counter-views to the theme. The requirement of flexibility means that the conversation may go in a completely different direction from the plan; this does not imply that the interview will not have succeeded. Quite the reverse might be the case, and such a 'derailed' interview may be a particularly rich source of data.

### **Planning and flexibility in questions**

Two types of question are particularly relevant to the research; the central research question itself, and the questions put to research participants.

The research question for this thesis evolved over the life of the research, and in fact evolved into a central question and several sub-questions in response to the review of literature and the focus on leaders in Scottish banking. The central research question moved from being a very general one concerning ethics and leadership, 'How might we develop an Aristotelian ethics approach to leadership in banking?' to one much more directly focused on the profession of banking cast in a specifically MacIntyrean frame:

*'Is Scottish banking a corrupted practice?'*

'Practice' is here a technical term (MacIntyre, 2007) which is explored in the literature review. In an ordinary language phrasing, it is close to the question: 'Is Scottish banking a corrupted profession?' And this in turn is close to the questions that Scottish bankers and bankers more widely in the UK are in fact asking themselves at the present time both in private and in public (Chartered Banker Institute, 2011b). It is therefore a question which reflects not only central concerns of MacIntyrean philosophy, but also central concerns of contemporary banking. The question is supplemented by four sub-questions:

- What do we learn about banking ethics by understanding banking as a practice?
- Do the accounts of Scottish bankers provide evidence of the corruption of that practice from the 1980s onwards?
- Do the accounts of Scottish bankers provide evidence for a distinctive tradition of Scottish banking?
- If so, is that tradition capable of self-renewal?

These questions can then be compared to the questions shown at Appendix 1, which are sample questions for the semi-structured interviews with leaders in Scottish banking. These interview questions are fluid. They were scripted as a general guide; phrasing, sequencing and so on were not intended to be performed the same way twice. The questions were planned to follow a structure which falls into four parts:

career history, admired / unadmired leaders, ethical challenges and looking to the future.

### **The development of the conversations in practice**

The questions used to shape the research interviews predated the final central research question(s), and this is significant in the development of the research method. The central research question and its sub-questions could not be fully formulated until at least some of the research conversations had been held. This is because some assumptions – prejudgements - were brought to the first conversations by the researcher and others were not. So, for instance, an interest in life stories is an assumption of an Aristotelian ethics enquiry, because the notion of a ‘telos’ or ultimate purpose in life is basic to such an enquiry. However, there could be no similar assumption that banking is a practice in a MacIntyrean sense. As the interviews then began to take place and through those conversations a picture of banking emerged in which participants spoke of their careers in terms of practices and traditions, then the researcher was able to formulate more precise central research questions related to the MacIntyrean literature.

These more technical questions could then be adapted for inclusion in conversations as a development of the basic interview plan. So, for instance, towards the end of an interview, when a participant had already spoken at length about their professional career and the current state of banking, it was sometimes appropriate to introduce some of MacIntyre’s ideas about practices and institutions, or traditions. In one conversation this led to the researcher proposing the following interpretation of what his interlocutor had been saying: ‘...investment banking and retail banking are really just two completely different, two different professions’ (C6: 126). In the context of a large diversified financial organisation, this in effect formed a question which is a derivation of a MacIntyrean one: ‘How does one institution successfully support two diametrically opposed practices?’

So from the point of view of the sequencing of this research, it has been important that the initial interview plans were open ended, with a simple structure and basic questions designed to encourage narratives of working life. As the research progressed, the conversations which then took place enabled the researcher to refine his thinking about the issues which emerged as important to the group. These issues could then be reflected back to the participants through genuine conversations, but always without limiting the initial open ended scope of the basic interview plan. Participants were always invited to tell the story or stories of their own career as they saw it, before any more focused topics were introduced, and conversations lasted from one to two hours.

## Sampling

A purposive sampling approach was used (Cleary, Horsfall and Hayter, 2014). Leaders in Scottish banking were sought who had long-standing industry experience. With one exception, all participants had at least 15 years experience in Scottish banking, most had in excess of 25 years' and one had 40 years' experience. Several of the participants were reached through personal contacts and word of mouth, and this group tended to be closely associated with The Chartered Banker Institute. An effort was made to also reach banking leaders who were less closely associated with the Institute. This was achieved through the professional networking site LinkedIn and by word of mouth. The primary data set is therefore comprised of conversations with people who were leaders in Scottish banking, particularly those who had a long enough career behind them to have lived through changes in the industry.

The process of focusing on leaders in Scottish banking was a gradual one. Initially a focus was developed on a wider group: leaders in the financial sector in Scotland and the North East. However, early in the interviews it emerged that leaders in Scottish banking formed a well-defined group with a clear sense of its own identity. This sense of identity was expressed by participants in terms of the tradition of Scottish banking, which made it an ideal group for an explicitly MacIntyrean enquiry (Principle 1). It was then decided to focus specifically on this group, and two early interviews outside of the group were excluded from the primary data set.

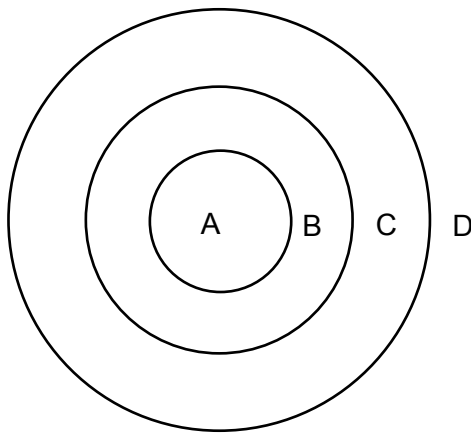
The aim was to focus on an identifiable community, and this was achieved. However, most communities are comprised of groups with fluid boundaries (Wenger, 2000), and in the context of this research the community in question is liable to consist of members of long standing or possessing a 'typical' profile together with those of less long standing or less typical profiles. In the case of leaders in Scottish banking, a 'typical' profile could be characterised as:

- Scottish
- a banker
- with a track record in a leadership role
- in a Scottish bank
- or in banks in Scotland.

As soon as such a list is proposed, however, exceptions arise. So although most of those interviewed met all of these descriptions, not all did.

A map of this kind of approach to sampling might look something like this:

**Figure 2: Sampling**



Where:

A = Bankers who have worked their whole careers or much of it in banking in Scotland and are active and fully qualified members of the Chartered Banker Institute.

B = People who are Scottish and have worked for many years in banking but may not now work in banking in Scotland, or people who may not be Scottish but have worked a number of years in banking in Scotland.

C = People who run the Chartered Banker Institute, based in Scotland, but with a UK wide remit.

D = People who run banks or quasi-banks other than in Scotland.

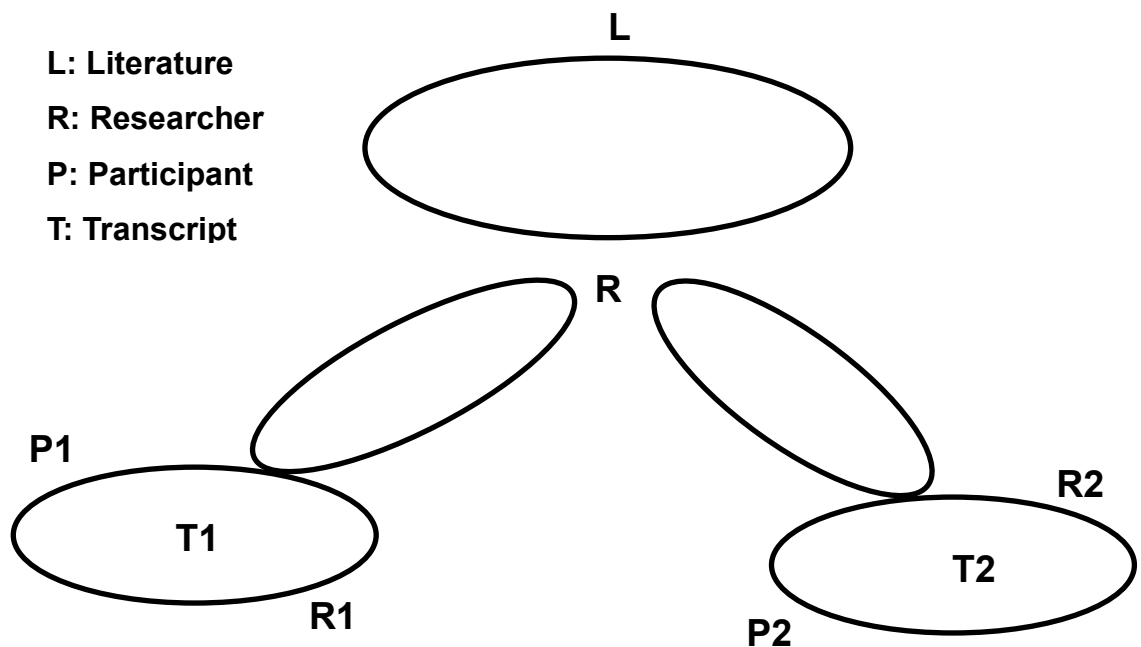
So in the sampling strategy for this research, ten participants have been included in the primary data set, of whom seven fit the description for band A, two fit the description for band B and one fits the description for band C. Two interviews with people in band D were excluded.



### 3.11 Description of method: interpretation of data

Analysis of data has followed a hermeneutic approach (Principles 5 and 6), with an emphasis on narrative (Principle 2), paying particular attention to themes arising from an Aristotelian virtue ethics tradition as transmitted by MacIntyre. A conscious effort has been made to maintain a process of building successive hermeneutic circles through which the understanding of the researcher evolves. Hermeneutic conversations have been conducted between researcher and text (the record of interviews) as well as between researcher and academic literature. This leads to a complex set of interrelated natural and hermeneutic conversations being conducted to some degree simultaneously and to some degree in sequence, as illustrated below.

**Figure 3: Interwoven conversations**



This diagram visualises a sequence of interpretive events. The researcher conducted the first natural conversation in January 2013; R1 designates the researcher at the time of this meeting, and P1, Participant 1, his interlocutor. This interview was a genuine conversation in Gadamer's sense of that phrase and constituted a distinct hermeneutic circle. The conversation was recorded and later transcribed, resulting in the first transcript, T1. The act of transcription was itself also an act of interpretation and likewise constituted a further hermeneutic circle.

Immediately following completion of the transcript, and before moving onto another transcript, a written interpretation of it was recorded, consisting of a commentary, of

approximately the same length as the transcript itself. This act of interpretation, shown as a loop between R and T1, was in Gadamer's terms a hermeneutic conversation, and constituted a further hermeneutic circle. These two documents, transcript and commentary, then formed a linked pair, which were maintained as the basis for further acts of interpretation. In the meantime, further conversations were conducted, transcribed, interpreted to a commentary, and so on. These are shown on the diagram as R2 (the researcher at the time of the second interview in February 2013), holding a conversation with P2 (the second participant), the transcript T2 being made and a second commentary being written. A further eight conversations were held and interpreted in the same way, not shown on this diagram. At the same time, before during and after these cycles of interpretation related to primary data, the researcher was conducting hermeneutic conversations with the academic literature. This is shown as a loop on the diagram between the researcher R and the literature L. This loop should be envisaged as representing an indeterminate series of turns of the hermeneutic circle as the researcher read successive articles and books.

The diagram is thus a simplified visual representation of a complex process in which a number of natural and hermeneutic conversations were conducted. These conversations were in each instance turns of the hermeneutic circle, and were unified by the person of the researcher, who was engaged in an ongoing process of understanding. Crucial to this process in terms of Gadamer's thinking is the realisation that the researcher's perspective is never stationary. Each time that a turn of the hermeneutic circle commences, the researcher engages in an act of interpretation which is determined by his prejudgements at that time. When that act of interpretation is complete (albeit provisionally) the researcher's prejudgements have been adjusted, so that when the next turn of the circle commences this new act of interpretation is determined by a new set of prejudgements. Another way to express this is to say that as each circle is complete, some fusion of horizons will have occurred, such that the researcher's horizon has shifted before the next conversation is encountered.

### **Narration and analysis**

The overall mode of analysis here is hermeneutic and interpretive. In fact 'analysis' is itself arguably a misleading term in this context; what is not being undertaken in this research is analysis in the root sense of breaking down into component parts. It would be better to characterise the process as successive acts of interpretation from one kind of language into another, or from one set of narratives to another. The transcripts of conversations which form the primary data set do not consist *only* of narratives (they also contain questions, speculative theories, affirmations, rebuttals and so on), but

narratives are of primary interest, and a fusion of those narratives will result in an overarching narrative to be produced by the researcher.

To what extent is it helpful to describe this undertaking as 'narrative research'? It clearly *is* narrative research inasmuch as it elicits stories through interviews and then interprets those stories through a narrative built up by the researcher, and there are various texts (Andrews, Squire and Tamboukou, 2008; Elliott, 2005) which offer helpful advice about the rationale for and techniques of narrative research in social science. However, such authors also make clear that narrative enquiry is very heterogeneous and not particularly rule bound. Even then, their assumptions are not necessarily the assumptions of this research. So for instance Elliott (2005) distinguishes between first-order narratives, which describe the first hand lived experience of research participants, and second-order narratives produced by the researcher which make sense of other people's accounts and the social world. The current research project, however, recognises participants as second-order narrators in this sense, because it recognises them as moral philosophers. So the participants in this research might embark on first-order narratives with a phrase such as 'My first job was in a branch of X Bank in Dunfermline...'; or equally they might embark on second-order narratives with a phrase such as 'The problem with banking these days...' Both are equally valuable sources of data.

Perhaps the most helpful way to characterise this research, then, is as narrative enquiry in a MacIntyrean mode, and to rely on the six principles of enquiry already articulated, together with MacIntyre's writings more widely to guide the way that the research approaches the stories being told. For example, the emphasis on genuine conversation which is central to this research method implies that the researcher takes seriously the intended meaning of each participant, as far as this can be ascertained. Ostensible meanings conveyed through stories are therefore of primary interest. This is not to say that hidden or unintended meanings are not of interest or factors such as narrative structure, genre or context, but they are of interest principally in understanding this or that particular person's point of view. The first question is, 'What is this person trying to say in this story?' rather than, 'What is this person unintentionally revealing about themselves?' The same principle guides another aspect of this narrative approach, which is that the research aims to articulate narratives as presented by this group, rather than to critique their narratives against some other, external sources which might offer alternative narratives of the same events.

## **Coding or indexing**

The point of caution above about the word 'analysis' applies also to the idea of thematic analysis and coding. Analysis here cannot mean the breaking down of text into component parts, since it is vital that the texts retain their narrative and conversational unity and context; either a broken-up story is no longer a story, or it is a different story. For similar reasons, the term 'coding' needs to be treated with caution, since some methods of coding text imply that sections of text are categorised, and potentially reordered (Bryman, 2008). So 'coding' has been used in this research in the process of interpreting primary data, but only in the sense of indexing, without categorising, breaking up or re-ordering sections of text. This process of indexing supports the hermeneutic sequencing of successive interpretations, allowing the researcher to track themes or topics through successive stages of the development of his own 'second-order' narratives and to demonstrate that those themes remain rooted in the original stories told by the research participants.

Examples of the coding process are shown at Appendix 2. The appendix shows how transcripts were coded using a simple tabular format in a word processing programme. This process was flexible, allowing for a number of adaptations of coding patterns. Indexing in this way was used as a means of recording interpretation and retrieving data for the presentation of findings in Chapters 4 and 5 of this thesis. The appendix also shows a coding diagram which illustrates how coding was being grouped during analysis. However, this process was treated flexibly at all times, and there was no attempt to have interpretation follow coding. Rather, coding followed interpretation, and then acted as a flexible aide-memoire during further iterations of interpretation.

## **3.12 Completion and output**

### **Completeness and sufficiency**

How does the researcher know when sufficient data has been collected? No formula for completeness of a qualitative data set is available within what has here been described as MacIntyrean enquiry, as there is, for instance, in grounded theory with the notion of saturation (Bowen, 2008). In MacIntyrean enquiry there is no expectation that at a given point new data will begin to produce no new themes. Further, if we are to take Gadamer seriously, then the implication of his thinking is that we should not expect any such point of closure to be reached, for several reasons. First, each new conversation reveals a new participant, and any new participant may always introduce new ideas if the possibilities of the conversation are kept open. Inasmuch as every

individual has lived a life to date which is unique, then their particular perspective and the stories that they tell of their own history will likewise be unique. Second, if the researcher is genuinely open to a fusion of horizons with each encounter and the epistemic risk which that brings, then he not only approaches each conversation with a slightly different set of assumptions from the last one, but, more than this, he should be open to the idea that no matter how clear any particular theme appears from his research to date, any such certainty may always be overturned by the next interview. Lastly, there is the general point that the claims to truth of this research are provisional (Principle 4); they carry with them no claim to completeness or finality.

In practice, after ten conversations were held, a review of the data and ongoing interpretation was conducted to determine sufficiency. The interpretive commentaries were critical in this regard, because they illustrated for the researcher and for the research supervision team the richness of the data being gathered. The primary criterion for sufficiency was that enough rich data had been generated to support overall narratives relevant to the central research questions. The interpretive commentary itself, which ran to 128 pages by the end of conversation no. 10, demonstrated this, and the decision was made to begin writing up findings. The narratives which emerged in the commentaries were clearly MacIntyrean in nature – there was for instance a central narrative forming from the outset regarding tradition – but this was not a requirement for sufficiency; it would have been equally possible that an entirely different set of narratives could emerge and these would still have been sufficient for the writing of the thesis.

### **Narrative as output**

The output from this research is in the form of narrative, which implies some form of meta-narrative or second-order narrative, though not one which necessarily purports to represent a group account. What criteria then should such a narrative meet in order to be able to claim to have moved towards the truth rather than away from it? In addition to the requirement of conforming in general terms to the six points of principle already discussed, there are perhaps some additional things to be said specifically of this type of narrative in the context of moral enquiry.

- Since this is an empirical enquiry, and there is a clear primary data set available, this type of narrative output should be evidence based and should at each stage show clearly how the story being told is grounded in the transcripts.
- Since MacIntyre and Gadamer both insist on the importance of the situation of the enquirer, the story should make this clear: there can be no question of the

narrator (the researcher) either attempting to efface himself and his assumptions from the story, or adopting a mask for this occasion which might be then set aside for another.

- Since both MacIntyre and Gadamer both insist on the importance of tradition and historical understanding, the story should connect the past with the present, seeking an understanding of how things have come to be the way that they are which is rooted in the way that they were. This is of course not only a process which looks to the past, but also one which looks to the future.
- Insomuch as this is a moral enquiry, then those reasons for actions which form significant links in the sequence of events should be to a sufficient degree moral reasons<sup>19</sup>. Insomuch as it is an Aristotelian and particularly a MacIntyrean enquiry, then such reasons should speak of the practical life of moral agents, capable of their own moral reasoning.

These points influenced the writing of Chapters 4 and 5 on findings. An effort has been made to refer as far as possible to the primary data directly in the text, particularly as an initial chronological narrative is developed. The position of the researcher is referenced where appropriate including in the discussion in Chapter 6. The moral reasoning of the participants is treated with respect albeit critically on occasion, and their various modes of reasoning are allowed to speak directly in the narratives given.

### **3.13 Research ethics and confidentiality of primary data**

The procedure of the research has followed the ethics policy of Northumbria University Faculty of Business and Law. Ethical approval to the research was gained on the 18<sup>th</sup> of June 2012 (correspondence shown at Appendix 6). Compliance included participant consent forms which made explicit the commitments of the researcher to ensure confidentiality (example shown at Appendix 6). The usual procedures were followed in order to protect the participants in the study, including removal of names of people and organisations from the transcripts and secure storage of data. At one point in the text of the thesis (Section 6.3), a short fictionalised case history is used to protect identities.

Participants in the conversations have offered frank and detailed autobiographical information, and an added consideration for this research has been the high profile of

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<sup>19</sup> Usage of the phrase *moral reasons* is intended here flexibly. Primarily it is intended to distinguish reasoning that concerns either ends or moral rules from reasoning which is purely instrumental. Note that this is here a principle of narrative formulation, not a principle of analytic structure. Justification for what are interpreted as moral reasons rather than instrumental ones depends on the exploration of moral themes given in chapters 5 and 6.

several of these participants who are senior leaders and well known in their professional sphere. The researcher has been sensitive to the need to protect identities and consequently has not recorded details which would make the voices shown in the thesis recognisable, including information on age and ethnicity. Only a general profile of professional standing of the group is given above at Section 3.10.

The transcripts of the conversations held run to 205 pages, 102,049 words. For similar reasons of confidentiality, extended sections of the transcript documents are not made public with the thesis. Selected and limited quotations are used in the text of the thesis, and additional references without quotation are given to show relevant anchoring of the findings in the primary data. References are then made to the transcripts by number of conversation and page number of the primary data set in the form 'C10: 200', where C10 refers to Conversation no. 10, and 200 refers to page 200 of the overall data set.

### **3.14 Summary of the chapter**

This chapter has described a method of research which is consistent with MacIntyre's ideas of tradition-constituted enquiry. It has sought to combine his epistemology with Gadamer's hermeneutics in the conduct of empirical enquiry which is able to articulate a movement towards agreement in gathering and interpreting data, and is also able to explore a movement towards conflict in moral narratives.

Six principles of enquiry have been developed:

- Moral enquiry is constituted in relation to particular traditions;
- Narrative is both a medium of discovery and a medium for reporting;
- Plain persons are also moral philosophers;
- Claims to truth are provisional;
- All understanding is conditioned by culturally established prejudgements;
- Conversation is a paradigm for understanding.

The implications of these principles for research method have been discussed including data collection through genuine conversations, and the role of hermeneutics and narrative in interpreting and presenting findings.

## Chapter 4: Chronological narrative

### 4.1 Introduction

Chapters 4 and 5 provide two different kinds of narrative as articulations of the content of the ten research conversations which were held in Edinburgh and Lothian from January to June 2013. Chapter 4 is a chronological narrative which aims to give an overview of the recollections of the group with a minimum of dependence on explicit theory. Chapter 5 then narrates the same material, but from a theoretical perspective, deploying key themes in MacIntyrean and Aristotelian enquiry.

The chronology of the current chapter begins with the recollections of the group concerning their careers in banking before the impact of the deregulation of the UK banking system in the 1980s and charts the transition from traditional banking in Scotland – ‘old banking’ as it is termed here – to a new style of banking which developed in the 1990s. The narrative falls into three broad phases. The first phase is a period of relative stability: old banking, which is recounted by the participants from the 1960s in some cases, through to the 1980s. The second phase is a period of radical change from the late 1980s through to the early 2000s: the introduction of ‘new banking’. The third phase is another period of radical change extending from 2007 to the present and future: the crisis in new banking.

The manner of relating this narrative here is to use the participants’ own words as far as possible. There is little reference during this narrative to any other sources, and no attempt is made to critique the participants’ stories from the point of view of any external history.

### 4.2 Old Banking

‘They started talking about the *old bank* and the *new bank*’ (C1: 4)<sup>20</sup>.

*Old banking*, as the phrase implies, has largely been replaced, even if many who consider themselves traditional bankers remain active and dedicated to its values. Two of the participants in this research began their careers in the late 1960s, and

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<sup>20</sup> References to primary data are given throughout this chapter in the form ‘C4: 89’, where C4 refers to Conversation no. 4, and 89 refers to page 89. Pages are numbered continuously from 1 to 205 in the primary data master document, which contains the ten conversations in temporal sequence. A similar convention is applied to participants, as in ‘P1’ for the participant in Conversation no. 1.



several others in the 1970s. Their memories of old banking are nevertheless clear, and some of the most vivid and detailed stories are told of early career events including the processes of entering banking in the first place.

All of these participants have had long and successful careers in banking, but none had any idea of such careers when they first went to work for a bank, often straight from school. Why did they go into banking?

'I had had an uncle who worked in the X Bank who I had visited when he was manager of the branch in Port Ellen on the Isle of Islay on the West Coast of Scotland, which was a very nice place to be a bank manager, because his life consisted of living upstairs and around the branch and sort of wandering down about quarter past nine in the morning to open the mail, maybe see a customer or two and then wander out to meet the ferry coming in on a daily [basis] to see who was on the ferry and then somewhere for lunch then back to the office for maybe a meeting or two, sign some letters and that was his day. So that was very appealing [laughs]. The other influencing factor I suppose was that I was brought up in St. Andrews where there was kind of a race when the school closed between the school kids and the people who worked in the bank as to who got to the golf course first, because the hours were slightly different then. So there was another appealing factor. And there was also I suppose the headmaster in the school in St. Andrews was at the time when I was growing up at secondary school regularly at morning assembly he'd be reading out vacancies in the local banks. And his words they were like a tape recorder. Every time he announced a vacancy in whatever bank it was, because there were five, he would say that he could commend banking as a career to any young man [emphasised with a laugh] who was interested in that sort of thing. I suppose all these things came together.'

(C2: 22-23)

This young man was not alone in choosing old banking for reasons other than pay and promotion prospects. Another was more interested in football. 'And I was 17, I'd finished my Highers in fifth year, didn't fancy doing a sixth year. Loved playing football and thought: I'll just get a job that pays £35 a week. Much to the disappointment of my parents' (C6: 107). Chance plays a large part in many of the stories at this stage. 'I fell into it, and at 17 I felt: Och, I'll do it for a year, then I'll go back and do the university. And here I am 26 years later without a break' (C10: 187).

The beginnings of such careers in old banking offered stability, the prospect of a respected status in the local community and a long apprenticeship in order to get there, including taking the required banking exams. Several of the bankers were surprised by the necessity of sitting exams as soon as soon as they made the move from school to work: 'literally it would be about a couple of months into the job, and the branch manager said to me, "You'll be doing your exams." "What exams?" thinking I've finished with exams for the rest of my life. And he said, "No, you'll be doing your

Institute exams” (C6: 108). This was a requirement for anyone to make progress to management levels, including branch manager.

These formal qualifications, run by the Chartered Banker Institute, formed a bedrock for professional knowledge in Scottish banking, but they were not the only element. A practical and often prolonged apprenticeship was also required ‘in old traditional branch banking where you were the junior who learned the ropes as a 16 year old from then up’ (C5: 93). One banker who rose to the most senior executive levels first of all spent 25 years in junior teller and middle management roles before being promoted to senior management roles. ‘I used to be ambitious like everybody else, used to want to get on, and people used to say, “You know it’ll not be until you’re 40 before you get your first Bank Manager’s job”’ (C3: 65). This structure ensured a firm grounding in professional practice and experience of a range of economic circumstances, before being offered senior levels of responsibility. ‘It wasn’t because you weren’t clever enough, it was because you needed experience to take on that role’ (C3: 65). Those who entered banking in these circumstances recognise the impact that such thorough apprenticeships had on ethical awareness: ‘the way it used to be, when your first promotion came ... you were 30 if you were lucky, so you’d had a long time to learn what the ethics were in the business’ (C1: 6).

In old banking, the status of branch manager (which was synonymous with *bank manager* or just *manager*) was worth waiting for, not so much for the salary it carried, but for the position of respect accorded to the role by the local community: ‘it was your old branch managers who tended to hold that respect of all their customers and within the town as well. They were seen as being honest and trustworthy and a key member of the community, I suppose’ (C7: 136). The passing of that role and that status is felt as loss: ‘that role of an individual within a community is completely disappeared. I think only the local doctor still commands that type of respect now, whereas 30 odd years ago, 20 years ago, the doctor would, the policeman would, and the banker would’ (C7: 141). Others have a similar sense of loss that the role of ‘trusted advisor’ (C5: 96) to the local community is closed to them.

Several bankers recall that in old banking branch managers tended to be of a similar stamp: ‘there was a degree of diversity there, but generally a pretty common approach to the way it was’ (C2: 24). One, as a junior in the bank, found these old style managers formal and ‘very far away’ (C9: 170), but others recall key characters with affection. One banker early in his career together with another junior colleague had presented a report to his Chief Executive which was less than satisfactory:

‘And we sat round his desk and just discussed it for ten minutes or so, and then he simply handed it across the desk to us, and he said, ‘I think, gentlemen, that paper requires further work.’ And you knew without being shouted at that you needed to go and do further work. And so there was a manner about him; the respect that man commanded was just enormous, just enormous. Never made a fuss about things. Believed passionately in what he was doing, and saw very clearly what had to be done and got on with it. Just a very impressive man.’ (C1: 8)

The emphasis in these early career stories is on encounters with senior managers who had characters and occasional eccentricities of their own, but who displayed a strong degree of conformity in their attitudes to banking and to working life, and who were conservative both in their manners of communication and in their attitudes to risk. As another says of branch managers in the late 1960s: ‘the managers when I was young gave me a good grounding. I wouldn’t single any of them out. It was basically, that was a standard you had to aspire to. Banking wasn’t deemed to be a big risk taking business. It was deemed to be, as I say, a custodian of deposits’ (C3: 53). The same speaker observed a close connection between the trustworthiness of these early branch managers and their lives as members of the community and particularly of the church. ‘When I started in the bank, the main people were all church elders. The manager was, the assistant manager was. That was part of the community, the Captain Mainwaring [type]<sup>21</sup>, as I tend to... they were part of the community, they were upstanding people and good, as we’d say in Scotland at the time, they were good members of the kirk’ (C3: 63).

These participants started their careers in ‘old banking’ and enjoyed it enough to stay in banking for 25 years in some cases to 40 years in others. So what did they enjoy about old banking?

Even in the 1980s, all trainees were expected to spend several years on routine administrative tasks and on frontline services to customers. There is no sign of resentment about this. These bankers are proud of their solid grounding in the nuts and bolts of retail banking, and have affectionate memories of their colleagues and their relationships with customers. There is a strong sense of theatre in this early career recollection which is still relevant to the speaker’s current work:

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<sup>21</sup> Captain Mainwaring is a well known character in the British TV comedy series *Dad’s Army*: ‘Captain, Bank Manager, Rotarian, pillar of the community. George Mainwaring was all of these. Born in Eastbourne in 1885, his father, Edmund, was a member of the Master Tailors Guild. He was educated at the local grammar school, and upon leaving found work at the local branch of Swallow Bank, and slowly working (sic) his way up to become Manager in 1935.’ (Dad’s Army Appreciation Society, 2014)

'So the banking hall in our branch was a very long narrow hall with bandit screens up the middle, where the customers were on one side and all the staff were on the other. And me being a junior, I was a runner; I was running up and down doing what the front agents needed. And [the resource manager] sat on this plinth behind us and he used to just shout, 'Sarah, get on the cash!' 'Sarah, do this!' 'Sarah, do that!' [. . . . .] So when the branch door shut - and we were just talking about this morning with my team actually - the branch door shut at 3:30 under the old banking day. I'd go to shut the doors and then it was, 'Right everybody!' You could hear the clap going round, you know it was 50 people all turn round and looked. 'Strive for five everybody, strive for five! Let's get ourselves out the door!' So we'd served the customers for the day; now it was about getting the job done and getting the hell out. So there was that clear kind of thing about, 'Ok make sure... people have worked hard all day, but come on guys, we want to get out of here at five o'clock. Let's go.' (C10: 193-194)

Two members of the group use the word 'fun' to describe their work and each time it is associated directly with customer relationships: 'community banking - there's a lot of enjoyment out of that, there's a lot of fun to see businesses started off, growing, employing people and as part of the community. That's a different model and that's where I think the fun is' (C6: 124). For all of them, the relationship with the customer locates what they regard as the core of banking: 'But that was the best part of it, was the interaction with the customer, because you actually felt part of their business, and you felt in many ways that you were part of their success and part of their failings as well' (C7: 130). Such relationships could be very personal:

'It was a really exciting time to see [the customer's] company go. Not the bit about the deal, but the fact that it happens. I remember going round to his house [. . . ]. Went outside and met his wife and kid - his kid was maybe only about 18 months at the time. And he'd a little family. And [his] idea - he was a real entrepreneur and inventor. He'd invented this thing and it was going to go from his little room to out there. And that to me was what it was all about. Not just that. Places like this, shops.' (C6: 125)

In old banking, stability and a promising vision of a steady and respectable career seem also to have been strong sources of motivation, particularly in the context of extended apprenticeships: 'people could afford to be patient, because they knew what was ahead of them. It was a job for life; which was one of the other things that got thrown out in the nineties' (C1: 10). Professional development was paternalistic in form. Promotions were not advertised, they were granted, based on past performance and the perceptions of management, and often they involved relocating to another town at short notice:

'And when I started in branch banking, it was normal that the bank told you where they wanted you to work, so when you were ready for a transfer, there was two letters came into the branch, one was a blue one if it was a male member of staff, one was a pink one if it was a female member of

staff. And you could see by the envelope, by the paper, sorry, within the envelope window, whether it was, and of course it spreads like wildfire: [gasps] 'There's a transfer coming in, somebody's getting transferred out!' (C10: 188)

This was not a predictable world in terms of immediate working life, but it was one which offered long term prospects for those who were able and hard working. Those who prospered in this system did so through an often protracted process of formal professional qualifications and apprenticeships of 5 years or more including transfers in and out of branches and central departments, so that when they were eventually awarded management status they retained a sense of having earned it through a thorough grounding in retail banking. In their recollections, those who value their origins in old banking now possess a strong sense of solidarity with each other which identifies them as *real* bankers, defines their behaviour and delineates them from 'non-bankers'. This is continuous in their language: 'it's inbred into you' (C3: 61), 'being imbued all with the same ethos and culture all the way through, and that culture was very much, "We're just here to serve the customer, and not take any risks"', (C2: 36) The distinction is cast in terms of a shared history of apprenticeship, and people are described accordingly: 'he'd been through the whole route of the traditional banker' (C1: 7), 'traditional bankers who came up through the stream' (C3: 53), 'traditionalists, you know, coming in and gaining grounding right from the basics from seeing customers right up to actually doing bigger deals and learning and understanding how it all operates' (C3: 54).

A shared grounding in old banking gave its junior practitioners access to a set of quite consistent models of behavior in the form of their branch managers, who may have been stuffy at times, but who embodied a clear role in the community characterized not only by respectful customer relationships but also by painstaking record keeping. Balancing the books depended on manual systems and 100% accuracy: 'We balanced it every day. We balanced the whole bloody book-keeping system every day. And it was somewhat laborious. And it was somewhat silly at times. You know, because if ten pounds was missing from the cash at night, you stayed there until it was found. And you might be paid overtime for that, so the overtime bill might be twenty quid' (C2: 15).

This uncompromising attitude towards accuracy went hand-in-hand with a similarly uncompromising view of risk: 'banking traditionally has been risk averse, you know very risk averse'. (C10: 200) And this aversion to risk was founded on the relationship with the customer, because, in old banking, bankers were first and foremost guardians

of other people's money: 'the first thing we were taught in banking was that you were a custodian of deposits. You're looking after other people's money. Lending is a means to expand your profitability, but you've got to be sure that your lending is secure' (C3: 51-52). 'We never lent on the basis of bad debt, we lent on the basis that we wouldn't have any bad debt, that we'd actually get everybody to repay. And we charged a fair price for the product on offer' (C3: 62).

In sum, traditional banking – old banking – was structured physically around its branch network, with a presence in specific towns and cities. It operated in the material context of accepting deposits and making loans, but was defined not so much by these mechanisms as by the way that they were approached, with an uncompromising dedication to accuracy, a bond of mutual loyalty between customer and banker, a severely conservative attitude towards risk and a respected role in the community.

'Your traditional banker was horrified by some of the things that happened next' (C1: 2).

### **4.3 The defeat of old banking by new banking**

The stories that are told by the group of their experiences of the 1990s and early 2000s are in general stories of conflict between new banking and old banking, followed by the ultimate defeat of old banking and the fragmentation of the profession. Not all members of the group regard this as a bad thing, and one seems quite glad to have left old banking behind, but all are in their different ways aware of the sea change in banking, and several have a strong sense of personal defeat and loss. Those in the group whose careers began earliest feel this most acutely, and there is a pervasive sense of their being the last of a kind, 'a dying breed' (C6: 128).

How did the conflict arise? There is frequent mention of hostile forces which invaded the culture of old banking: 'that was the time when all sorts of external consultants start to appear on the scene' (C2: 29). Some participants give detailed diagnoses in terms of the role of such outsiders:

'If you look at what happened in the X Bank in the 1990s, M & N [consultant company], the consultancy agenda, all these great ideas, M & N came in in the 1990s with this fantastic ..., saying 'This is how you should do it all.' I mean look at unauthorised bank charging and all that stuff. M & N's great idea about how you make money was for everybody you have to bounce a cheque for, charge them £3, and they called that 'referral charge' in those days. And we were all sitting going, 'We're going to say to a customer, that we're going to charge them £3, when all we've had to do is go look at a sheet and go 'well we know they're OK.' And everybody was up in arms. I remember the conversations, I remember meetings, whether

it be branch managers or relationship managers, saying 'It's crazy, we're pissing off customers we've got good relationships with for £3!' (C6: 114-115)

Consultants advising from the outside were a problem, but much worse from the point of view of traditional bankers, was the trend for non-bankers (often MBAs) to come into banking at a senior level sometimes directly into the role of chief executive :

'And if you look at all the banks who've had difficulties, it wasn't bankers at the top. It's just a fact. A one, B another example, C another example. The bankers were at lower levels, and it was non-bankers telling bankers what to do. Now how you get back to the old stalwart idea of qualifications, for example; banking qualifications mean nothing. When I started... up until about 19... late 80s, it meant something, and then all of a sudden it just moved away from that. If a person came in with an MBA, he could run a bank, you know, that was the attitude. Some of the ridiculous suggestions of what we should do in the market place were just down to the fact they'd no experience. They'd no experience of customers. They'd no experience of how customers... what they want, how they tick; they'd no experience of problems that customers encounter, because you get that through face to face discussions with people.' (C3: 64)

These diagnoses tend to come back to a lack of formal qualifications and practical apprenticeship in banking, particularly with regard to experience of customers.

Outsiders did not have the required knowledge and experience to understand the nature of the businesses they were trying to control. One senior banker speaks of this as a period 'when they brought some of these non-bankers in, who thought it was basically, you have a tee shirt and you mark it up by a third and you get it back and you're covered by debt' (C3: 62).

In some cases a similar problem is perceived in the movement of 'investment bankers into retail banking' (C5: 99), and there is considerable resentment of 'the red brace boys' (C8: 164) from the City of London. Investment bankers are regarded as an alien culture with poor moral judgement (C8: 154). 'Investment banking's not the same as retail banking at all. Totally different mindset, totally different. It's like... If I was to sit with somebody in this room who was an investment banker I would probably think they were from a totally different industry and organisation' (C10: 199).

There is acknowledgement that changes had to happen because old banking was too insular and too inefficient. In the early 90's, one participant recalls that 'all banks - but the X Bank in particular was struggling to disclose a profit' (C2: 29). However, as time went on, change began to be driven increasingly by a sales culture which was at odds with the service culture of old banking. 'The full impact of the sales culture which emerged probably didn't become apparent immediately' (C2: 30). Not only is there

frequent talk of the gradual replacement of service orientated branch staff with a sales force, but there is directly doubt about the morality of the sales effort: 'Oh ignore that stuff that's on the intranet today about ethics. We all know it's about sales points. Just ignore...' (C4: 79) Financial incentives linked to sales targets drove out the need for good judgement in banking services, and brought in impoverished ethics and wide ranging deterioration of standards. 'What would restore trust in banking? ... Well, number one, get rid of all the incentive schemes. Do not allow product led incentive schemes, ... you know, that is a root of evil' (C6: 113).

The mechanisms of conflict, then, are clear and reasonably unanimous among the group; external forces created a clash within banking in which a sales culture replaced a service culture. Responses to this conflict vary within the group, but predominantly they tell stories of resistance, and for some those stories of resistance are the central focus of their overall personal narrative.

One banker in particular tells a story of resistance to the new sales culture which significantly affected his career. He achieved a good level of seniority relatively early in his career as a manager of a portfolio of 600 business clients. He enjoyed the role, which allowed him to form stable relationships with his business customers, and the role should have been a stepping stone to further promotion. However, whilst in the role he became uncomfortable with the new sales culture which was being introduced at the time. He saw it as transforming long standing relationships of service provision and mutual benefit into ones characterised by sales targets and exploitation of the customer:

'Yes. I [pause] I left my role after... before the four years was up, and I guess in some ways my customer might - of my portfolio - might have said, 'Well you know you committed to us you would be in the role for four years,' but for me I was always open with my customers at that time, said, 'Listen, I'm not comfortable doing what's expected of me in this role, and I think it would be more suitable for me to, rather than be uncomfortable and do anything that I didn't feel right doing, and perhaps you feeling bad of me, I would rather step away from the role.' So I think I've always been quite - I suppose it's like these things are instilled in you from the way you're brought up and who you engage with throughout your life - I think I've always been moralistic I suppose. Perhaps overly so. I may have advanced in my career quicker had I not been so. But I wouldn't have been comfortable doing that.' (C7: 137)

Although he was able to move within the organisation, the cost to his career was considerable:

'Maybe had I been in a smaller organisation it might have been different, but I like to think I would still have followed my own course. I mean I have - I did resign from a particular role because I wasn't comfortable with what



was being asked of me by my line manager in terms of fulfilling sales targets, and I took a pay cut and I - what's the opposite of promotion? The word escapes me at the moment - I took a drop down in levels as a result of that, to get out of the role.' (C7: 139)

Although this speaker throughout the interview plays down the long term impact of his resistance, it is clear that the moment of his decision changed the course of his professional life.

The evidence of resistance provided by others in the group is not always so dramatic or so central to their overall narrative, but is still strongly present. In some cases people have been forced to a choice even at very senior levels because they can no longer tolerate the organisational culture in which they find themselves. They express this discomfort in a range of ways. One senior executive moved from his position as head of a national high street bank because he could not support the aggressively commercial direction in which the bank was being taken by the Group Chief Executive, and explains his motivation in moving simply as: 'And I was being very disillusioned about 2002 with the place, because it was culturally just in a bit of a mess' (C6: 110).

Another senior executive is more specific in his account of the kind of failings which he encountered:

'And that's what started in America with the rot as well, with the sub-prime mortgages. They were lending extra to customers. And that was starting to creep in here in my day, which I resisted, but it didn't last long. Which I'm glad, because I didn't want to be associated with this problem. [...] Well, for example, the consolidation of credit card debt. That was another example I never did. People consolidating credit cards across to one card to get a better rate. A recipe for disaster, because usually they're struggling with their existing credit cards, that's why they want to consolidate. So there was a lot of that going on. These are only just one or two examples of bigger problems that could actually hit.' (C3: 59-60)

He expresses the basis for his resistance in terms of his background in old banking:

'For example at one point it was suggested that we don't do valuations on property when we're lending for mortgages, and I insisted that we continue that practice, because people say, 'You're transferring mortgages across; if they repaid their last two payments they must be good.' And I said, 'No, we want to look at the asset, we need to do the drive-past, make sure the asset's there,' etc. So I insisted on all this traditional practice be applied. And it wasn't cutting corners. Yes, it increased some of your costs, you could have made more money in the short term. In the longer term it's been proved that that's not the case.' (C3: 63)

Several participants have similar stories, often ending in some form of dislocation to their career progress. One participant is conspicuous in having achieved a successful

outcome against the odds, but only by moving from a senior position in a large diversified international bank, to run a small local savings bank. By doing so he sacrificed some of the status and pay associated with the larger organisation, but regained his professional self-respect. On the question of sales culture and target driven incentive schemes, he speaks on behalf of the savings bank:

‘...we do not have a sales culture here at all. There’s not one individual whose performance is judged on the basis of what they’ve sold during the year, never mind the past week.’

He appears to have achieved a rare peace of mind with regard to his own professional standards, but has only been able to do so by effectively rejecting new banking entirely and finding a bank which maintains the standards of old banking, but which can only do so by remaining marginal to the mainstream banking sector.

In all these narratives, old banking loses the battle with new banking. Those in the group who are most committed to the values of old banking report a pervasive sense of decline and defeat. This includes the decline of professional and moral standards and the erosion of a way of life rooted in community and Kirk:

‘A lot of that has gone by the board, unfortunately. You know that as well as I do. These moralistic - what I would term as upstanding Presbyterian ethics. There’s less of that now. And sometimes you have to resist - you have to fight for honesty and integrity: some of the battles I had, maybe that was at the heart of it, I don’t know.’ (C3: 63)

There are several consequences for banking as a profession in Scotland, including a dramatic fall in the numbers of young bankers taking professional qualifications, falling standards of service, a lack of expectation of and capacity for independent judgement and fragmentation of the profession.

Banking in Scotland moved from a situation in the 1970s and 1980s in which all those who aspired to management positions took their banking exams through the Chartered Institute to one in the 1990s and 2000s where few did, and this latter situation has persisted:

‘I think about the work at the Institute as helping the next generation of people get the skills they need. [...] And I think there’s a lost generation, you know. There was a lost generation definitely in the 90s who didn’t get that and in my view that’s one of the things that is questionable whether banking will ever return to the profession it was, you know in the 60s and 70s and much before that.’ (C5: 95)

This has created an imbalance between older members of the profession who have attained the status of Fellow of the Institute and younger bankers who are not being encouraged down the same route:

‘I got my Fellowship in October, and I think there was about 17 of us got Fellowship and maybe only about 25 completed their Members. When I did my Members, there was about 380 graduated, and that was because every junior every year started that journey through their professional qualifications.’ (C8: 146)

This process of reducing the professional rigour of banking is consistent with a reorientation towards sales targets and a reduction of the need for professional judgement in highly standardised systems. In old banking, ‘the basic core grounding apprenticeship schemes that we went through, they give you that knowledge and understanding. It wasn’t just keying entries into a computer, not understanding what was happening’ (C3: 52).

The development of technology plays a central role in the removal of the need for professional judgement in retail banking: ‘the business model’s changed now, so as long as they can design a product, deliver that product through a distribution underpinned by some technology and keep it simple, then perhaps, you know, there isn’t... what is the role of the banker?’ (C5: 98) The same speaker, when challenged by the researcher, acknowledges that such technological advances are not simply an external force imposed on banking, but a trend actively developed by senior members of the profession themselves: ‘And I guess I’m part of that, because I’ve developed credit score cards and credit models, statistical models that allow you to say 10,000 times a day ‘yes’ or ‘no’, with pretty good odds that you’re getting the right decision as opposed to, if you were a bank manager, you could probably do 10 a day max’ (C5: 101).

Cashpoints in particular were actively developed by banks who then discovered that the machines had effectively removed their customers from branches. ‘ATMs are a fantastic 24/7 convenience, but actually they did exactly what banks didn’t want, which was they stopped people going into branches’ (C5: 102).

Such developments disrupted the relationship between banker and customer, which was at the heart of old banking in a quite direct way. The word *disaggregation* is used by two of the speakers to refer to two kinds of disruption. One refers to ‘disaggregation of channels’ (C8: 149) by which he means ‘the customer morphing from the branch to web, to ATM etc. So you lost them to deal with, to interact’ (C8: 163). Another refers to the disaggregation of services and sees this as irreversible:

‘So is banking going to come back? No, I think you’ll get just some product companies that do things, that maybe are relatively straightforward and transparent. But the product set’s been disaggregated. The notion that a banker’s someone to give you advice is disaggregated.’ (C5: 103)

Banking is no longer a cohesive career, but a series of specialisms (C5: 94), linked not by a professional cadre, but by large diversified institutions. It is a key feature of the decline of old banking, that non-banking generalists recruit non-banking specialists (C5: 97-98), rather than encouraging people to qualify as bankers first and then specialise in some other sphere, such as HR or IT (C2: 31). Banking professionals in any general sense therefore became increasingly squeezed out in the turn towards new banking, by the mechanisation of the generalist banker’s functions, by a tendency towards specialism and by the recruitment of non-banker general managers to the most senior roles. ‘The bankers were at lower levels, and it was non-bankers telling bankers what to do.’ (C3: 64). This is not to say that bankers themselves were not involved in these changes, and one of the recurring ironies of these narratives is that several of the bankers who are speaking have been at the forefront of innovations in banking which have done so much to break up the profession.

#### **4.4 The crisis in new banking**

All of the participants in this research have a view on the banking crisis of 2007/8. There is a large measure of agreement on the immediate causes of the crisis, but differences in emphasis depending on how closely they see themselves affiliated to old banking compared to new banking, and there are many unanswered questions raised by the group as to the deeper causes of the crisis and how things might be resolved.

The immediate causes of the crisis always come back to the question of risk. Banks became reckless in their attitude to risk: ‘the risk taking went beyond the bounds, I think - just my opinion - went beyond the bounds of good sense, (C1: 19). This is characterised as ‘arrogance’ (C9: 180) or ‘complacency’ (C10: 200). An attitude of recklessness towards risk among the banks was compounded by the fact that the complexity of the risks that they were involved with outstripped their capacity to understand them: ‘some of the complex instruments, the fact that even the people that were doing them didn’t understand them fully. It’s that, “Why the hell would you do it?”’ (C10: 200)

The risks of derivatives were often not properly understood, and this was an inevitable consequence of the risk market, because those who created and traded risk based derivatives succeeded in part by disguising the risks involved in such instruments:

‘There’s sub-prime, near prime. Well, it’s either prime or it’s not prime! It’s like the old cocaine; dice and cut, dice and cut, mix it with something else. Then go back and do the same again. It’s near prime, it’s almost good quality, but there’s a bit of stuff in it that’s not quite right’ (C6: 120).

Recklessness was driven by senior managers, who in turn were driven by a range of structural as well as personal forces. There were structural forces driving banks to greater volume of business and to greater leverage: ‘margins were being driven down on lending, and the only way to make any money was to lend more, and to derive some scale economies from that. And that’s why they started borrowing all that money in the wholesale markets’ (C1: 18). The same speaker, however, is clear that personal ambition was also a key factor and one chief executive was well known for his ambitious growth strategy and aggressive risk taking.

‘But there’s a story told about G too, when he went into Glasgow to talk to his commercial lending team there, and he said to them, you know, ‘You’re the no. 2 bank in this region for commercial lending. What are you going to do about it?’ In other words, you’ve got to become the no. 1 bank, in other words you’ve got to lend more. And that means more risk.’ (C1: 18)

Such attitudes towards risk driven by personal ambition might be readily associated with investment banking (the ‘red brace’ boys), but are also reported as working their way through the ranks in retail banking: ‘And I think our risk function was probably a lot lighter resource-wise when these events happened. I’m not sure whether it was a lack of thought to risk, more of an over-consideration of profit. Not necessarily profit for the business, but profit for oneself’ (C7: 135).

The drive towards risk was commensurate with the sales culture which did so much to erode the ethos of old banking, and both sprang from similar pressures. On the one hand there was the pressure for profitability, which was always recognised as legitimate, but which then came to predominate: ‘what I think was wrong with the banks – it started in the 90s – is that the profit motive started to take over, is you know what I mean, the drive to increase profitability’ (C3: 53). On the other hand there was a new and aggressive pressure for growth: ‘Get bigger, get bigger, get bigger, get bigger’ (C10: 190). ‘And it was because it was, “Grow, grow, grow! Grow, grow, grow!” Nobody was actually taking a higher view, saying, “We’ve got to make sure the quality’s right,”’ (C3: 59).

Whether these pressures surface as bonus culture, or sales culture, at root, the group sees this whole picture as a problem of greed, : ‘these good times would never end, and everybody was just pushing forward and pushing forward’ (C2: 31)... ‘as time went

on [...] what happened in banking was everybody got greedy' (C3: 449). One participant tells the story of her bank's acquisition strategy in the most graphic terms:

'We became a buying bank [...] it's a bit like watching a chihuahua chewing a, you know, eating a rottweiler, is really what it amounts to. [...] You can see everybody going, "Oh my God, we've just eaten up this big whoomph," you know. "We've eaten up this big organisation."' (C10: 190 - 192).

The broad diagnosis of the crisis in new banking seems clear, at least in general terms. New banking has generated its own crisis through an excessive drive towards ever greater growth and profits, ever more complexity, sales and growth. Good sense was driven out by this all-consuming passion, and the industry as a whole was without protection when the inevitable reversal occurred.

So what of the present and future? Is banking in a position to recover?

Although the basic mechanisms of the crisis are not in doubt, and indeed are very much in public view, there is much less certainty about the prospects for recovery of banking as a profession. There is little doubt that banks will continue to be needed and that banking as a structure will somehow be reinforced or re-engineered, but there is profound doubt about bankers as a professional group being in charge of that process. Some express a sense of despair that banking can be restored as a respected profession.

'I do worry that actually the professional banker is, you know, certainly, is becoming very elderly, and... potentially becomes extinct, because quite simply, the people who now run banks are often not traditionally qualified bankers, the people who they hire around them are often now technical specialists - you know technical in technology or in marketing or in something else. And so the chief executive, not being a banker them self, surrounds them self with a team, just like a sports team, where they've got some attackers and some defenders. They have some marketers and some IT people and some whatever.' (C5: 97-98)

Not everyone in the group sees some kind of return to the values of old banking as a better future than what has been achieved by new banking, and even those who are most attached to those traditional values are aware that old banking was far from perfect. Those who are relatively optimistic that banking can recover as a profession still see it as a very long process: 'I think it's going to take a generation maybe for our perception to change, assuming things start to go a bit more smoothly, and we clean up our act in terms of some of the things that are going wrong, in terms of the mis-selling and all that kind of stuff' (C9:183).

Structurally, there seems to be no immediate chance of going back to old banking, because the institutions of new banking do not provide a suitable home for it. The kind

of environment which they provide is too diversified, too fragmented and too fast moving to support the stable, service intensive, low margin, low growth activities of old banking.

#### **4.5 Summary**

This chapter has presented a chronological narrative. It has been concerned with the lived experiences of bankers who lived through periods of radical change, and has fallen into three broad phases.

The first phase has been characterised as the last decades of 'old banking' – traditional banking – which was physically structured around branch networks based in communities, and where the career of the banker was stable, respectable and relatively slow moving. Old banking was still very much a part of the working lives of the research participants during the 1980s. A turning point, 'the sea change' (C2: 28) was reached in the late 1980s or the 1990s with the rise of a new form of banking. Even the most senior leaders are not clear about pinning this change down to a given year or event, but they are still aware of its dramatic significance; 'somewhere along the line, and I think again it was the 80s to 90s, things changed. Stories became different.' (C5: 98) The final phase was the rapid growth and then failure of 'new banking', culminating in the financial crisis of 2007/8 and the subsequent distrust of banking as a profession.

# Chapter 5: Thematic narrative

## 5.1 Introduction

Chapter 4 provided an overall narrative of key changes in banking in Scotland from the perspective of long-standing leaders in the industry, based on their accounts given in ten research conversations. Chapter 5 aims to explore the same empirical data explicitly through a framework of Aristotelian ethics as developed by MacIntyre. It provides a number of interpretive narratives of the material, this time based on key themes of MacIntyre's moral philosophy: tradition, practice and virtue. These themes are in effect meta-themes; they are over-arching concepts which provide a context for the exploration of other themes such as conflict, resistance, constancy and so on. However, no firm ranking of levels is intended in this framework, so all of these concepts are referred to as themes, and where necessary, the three themes of tradition, practice and virtue are distinguished only as 'key' themes.

Some justification is needed at this stage concerning why these three themes have been chosen to provide a narrative structure. Many themes which are available in MacIntyrean and Aristotelian literature also appear in the primary data of the current research. To have these running to a list of ten, twenty, or a hundred themes provides no meaningful narrative structure. A three part scheme has therefore been developed which is intended to be manageable in terms of narrative structure. Accordingly, three key themes have been selected which are central to the MacIntyrean literature and which are well evidenced in the primary data. The themes are: tradition (Sections 5.2 to 5.4); practice (Sections 5.5 to 5.8); and virtue (Sections 5.9 to 5.12).

The key themes of tradition, practice and virtue have been chosen for two reasons. First, these three themes seem to be particularly characteristic of MacIntyrean ethics; the themes of tradition and practice are strongly representative of MacIntyre's major works (MacIntyre, 1988; MacIntyre, 1990; MacIntyre, 2007), and the theme of virtue is the most obviously defining characteristic of Aristotelian virtue ethics (Crisp, 1996). Second, these three themes also appear to be of central importance in the speech of the participants, and part of the purpose of this chapter is to demonstrate the way in which they are so.

It is important to acknowledge that what is offered here is one interpretation, not the only possible interpretation of the data. Other themes could have been chosen. For instance, the theme of the narrative unity of a human life is equally important alongside tradition and practice in *After Virtue* (Dunne, 2013; Knight, 2013), the ideas of social



structures and moral agency are central to MacIntyre's thinking elsewhere (MacIntyre, 1999a; MacIntyre, 1999b), and the notions of *telos* or life purpose and *eudaimonia* or well-being are central to Aristotelian ethics generally (Annas, 1993). The three part scheme of tradition, practice and virtue is thus offered here as a useful basis for interpretation in a narrative format, but not the only possible such basis.

The narrative is given principally from the perspective of 'old banking', because this is the prevailing voice in the ten conversations. However, the perspective of 'new banking' is also given throughout where it is significant in the primary data. This is often in the context of conflict between old banking and new banking, which is a key dynamic of the narrative throughout.

## **5.2 Tradition**

### **Talk of tradition and culture**

The theme of tradition is introduced by the first participant in the group within the first two minutes of the conversation. It is introduced in the language of 'culture'. 1988 was 'a time when, if we can think of banking cultures old and new, that was a time still when the old culture prevailed, when every youngster entering a bank was expected to take the Institute examination' (C1: 1). 'So there was this old culture about professionalism, and you know, it imbued young men, in particular young men, with an ethos about what banking really was' (C1: 2). Such talk of culture soon becomes talk of tradition: 'your traditional banker' (C1: 2), 'traditional Scottish bankers' (C1: 3). With this speaker, there is a close association between culture or tradition on the one hand and ethos, standards or 'philosophy' on the other: 'the basic philosophy of banking was lost' (C1: 13). Certain social structures, including the Chartered Bankers' Institute and the professional exams which it offered, provided mechanisms by which this tradition was handed on, and the drop in the number of young bankers taking the qualifications represents for him and others not only a de-skilling of the profession, but a disruption to the handing on of the tradition (C1: 4, C5: 95, C5: 97). It is important to note that in this first conversation, it is not the researcher, but the participant who introduces the topic of tradition, whilst recounting the outline of his career. Of the group as a whole, this first speaker is perhaps the one who has the keenest sense of history, but he is not alone in having a strong awareness of Scottish banking as a tradition. Talk of traditional banking and traditional bankers is ubiquitous, as is the narration of the fall of one culture and either its replacement by a new one or its conflicts with alien ones.

The words *tradition* and *culture* are used alongside each other by several of the speakers, and they are consistent in their usage.

*Culture* is the preferred term to denote particular ways of thinking and doing which are prevalent among the group, and is similarly used of rival ways of thinking and doing. The term is used 82 times in total in the primary data (including the forms *culture* and *cultural* and excluding usage by the researcher in the conversations)

For all of the speakers, culture is a vehicle for ethos or ethics. Particular cultures may clash and frequently do, for instance 'old culture' and 'new culture' (C1: 1), or investment banking and retail banking. 'It's two different cultures. You see an investment banker taking on a retail bank, they just don't get it: the culture and ethics' (C6: 126). Cultures can be bad as well as good.

'There was a leader in an American credit card company whose mantra was 'Say yes more.' And given they used to run up and down the underwriting floor saying 'Say yes more,' without giving the underwriters any guidance as to what was a good and a bad credit decision, you can imagine that that was a culture, a principle and something that was driven, but it was wrong. It was just blatantly wrong.' (C5: 106)

The most frequently cited bad cultures are *sales culture* and *bonus culture*, and these cultures are not just hostile to banking: they are seen by some as positively lethal. 'To be honest, what's killed banking is the bonus culture. Just killed it, stone dead, I think. Because everybody was looking for quick ways to make money' (C3: 50).

*Tradition* is the preferred term in the group to denote long established culture, or a culture viewed retrospectively. The term is used 39 times in total in the primary data (including the forms *tradition* and *traditional* and excluding usage by the researcher in the conversations). Like culture, tradition is closely associated with ethos, ethics and values, and in this respect they are interchangeable. However, unlike culture, tradition is generally used to describe something valuable. There is talk of bad cultures, but no talk of bad traditions. Traditions and traditional ways of working are throughout spoken of as things worth defending.

### **What it means to belong to a tradition**

Two questions arise concerning this interpretation. Is it true to MacIntyre's understanding of tradition? Is it reasonable as an interpretation of the primary data, or is there a risk that the intentions of the speakers are being distorted?

A discussion of tradition is given above in Sections 2.6 and 3.3. There is no need to reiterate that discussion here, but it might be helpful to summarise the idea of tradition. We might say that on MacIntyre's account, a tradition is a social structure which

provides a basis for practical reasoning and which persists and develops by being handed on from one set of inhabitants to another. Any given tradition may suffer a crisis of belief in its goods and purposes, either through internal conflict between adherents of the tradition or through external conflict with a rival tradition, and through this process new understandings may emerge. MacIntyre is particularly interested in traditions as fields of epistemological conflict and in the way in which progress towards the truth might be made through such conflicts.

If this is a fair representation of MacIntyre's idea of tradition, to what extent is it also fair to understand this group's talk of tradition and culture from that perspective? First, to be clear, with the exception of the researcher, the participants in these conversations have not encountered MacIntyre's writing. So, when they use the words *tradition* or *traditional*, they are using them in a common language sense and not in the exact sense used by MacIntyre. Second, it is important to emphasise that MacIntyre's interest lies not just with traditions generally, but also more specifically with traditions of moral enquiry. No suggestion is being made here that Scottish banking should count as a tradition of moral enquiry in its own right. It is very clearly a tradition which is oriented around a practical occupation, rather than a moral philosophy.<sup>22</sup>

Nevertheless, it seems clear that traditional Scottish banking amounted to a distinct way of life which carried with it certain moral standards. It is similarly clear that several speakers in the group are using *tradition* in a very similar way to that intended by MacIntyre, and the first three speakers in the series are particularly sensitive to the idea of tradition. They express it frequently in one form or another, particularly when identifying their own affiliation to people of a similar ilk: *traditional bankers* (C1: 2, C2: 26, C3: 5, 57), *bankers born and bred* (C1: 11), *long standing bankers* (C2: 27), *stalwart bankers* (C3: 54) or just *stalwarts* (C3: 53, 55). These three speakers are the oldest members of the group, and started their careers in the late 1960s to early 1970s. Consequently they have the strongest memories of what they understand as traditional Scottish banking.

## Structures

Several features of their account are strikingly similar to MacIntyre's idea of tradition. For these three traditional Scottish bankers, 'old banking' was socially embodied and structured in the sense that it was rooted in physical communities. More than that, the

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<sup>22</sup> Nicholas (2012) might be understood as offering an opposing view of tradition, and he himself acknowledges a difference of view from MacIntyre. Since an accurate placing of the idea of tradition is important to this interpretation, this is discussed in a short note at Appendix 5.

structures and rhythms of those communities were integral to the structures and rhythms of banking, and these structures gave the tradition stability. They also lent it the basic values and assumptions of rationality on which a form of practical reasoning specific to the tradition could be built. For instance, the thinking and behaviours of traditional branch managers are understood in terms of their membership of both bank and kirk, their status both in the bank and in the community.

These social structures and the relationships between them were not just a backdrop to the tradition of Scottish banking as these speakers understand it. They were central and critical components of it. These structures included the banks themselves and the Chartered Banker Institute, originally a Scottish institution (Chartered Banker Institute (2014) but now with a UK wide remit (C4: 75). When the structures of the banks themselves changed in the 1990s in response to changes in the regulatory environment and developments in the global economy, then the tradition inevitably changed also, not just because of a causal effect between bank and tradition, but because the banks were part of the tradition. The structures of the banks were of course particularly central to the tradition, but other community structures were also important, including the Presbyterian churches, and the reduction of these other structures also played a part in the decline of the tradition (C3: 63). Similarly, in the view of traditional Scottish bankers, the rise of the business schools and generic management theories played its own part, replacing traditional structures of education and morality in Scottish banking with international models of competitive business management (C1: 7, 10, C2: 30, C3: 53, 63, 74, C8: 164).

The structures of old banking gave that tradition coherence and stability. The Chartered Institute played a key role in the handing on of the tradition (C2: 39, C5: 95). Its qualification framework, supported by all the banks as a requirement for aspiring managers, was a formal recognition of this, and gaining full membership of the Institute by examination was an outward sign of membership of the tradition (C1: 2, C3: 74). The existence of the Institute even offered a means of distinguishing proper bankers from people who were not really 'bankers in what you would think of as the Institute sense' (C8: 145).

The Institute, then, was an essential part of the transmission of the tradition, but only a part; it worked alongside a fabric of other elements such as apprenticeship, forms of hierarchy and promotion, common procedures and conventions. These structures gave Scottish banking its characteristic rationality, including that broad impression of it which is still prevalent among those who appreciate it as outsiders. The word *canny*

does not appear in any of the conversations, but one later speaker, who is not a banker by training, diagnoses the problem with risk:

‘But when the economy stops rising, it’s very difficult, and you find out very quickly if you haven’t done the right things. And that’s traditionally - there’s a great tradition of the Scottish banker being this really dour, prudent pessimistic individual - that was there for a reason, because they knew the economy was going to turn, and they wanted to make sure the organisation was protected.’ (C4: 87)

### **5.3 Tradition and external conflict**

Perhaps the most striking area of coincidence between MacIntyre’s understanding of tradition and the self-reports of this group is over the question of conflict. MacIntyre regards two types of conflict as key features of the way in which traditions make progress (Nicholas, 2012), one being internal conflict amongst members of the tradition and the other being conflict with outsiders (‘critics and enemies’ (MacIntyre, 1988, p.12)), and these conflicts are seen as being a means of articulating, confirming, developing or refuting fundamental agreements concerning the purposes and goods of the tradition. When we apply this thought to the conversations with Scottish bankers, both modes of conflict, external and internal, are apparent.

#### **Consultants, MBAs and City analysts**

The most obvious form of conflict with outsiders is between traditional bankers and an influx of alien influences in the 1990s. This has already been portrayed in the chronological narrative of Chapter 4 as a key element of the conflict between old banking and new banking, where outsiders appear in different guises, as consultants, MBAs, non-bankers, investment bankers, or City analysts. They are always people who don’t understand ‘proper banking’ (C2: 38). Some of the issues presented by the speakers in this regard are problems of understanding and articulation, in MacIntyre’s lexicon, problems of translation or translatability (MacIntyre, 1988). Others are straightforwardly issues of power (Knights and McCabe, 1999).

There is no need to retell that story of external conflict here, only to emphasise that the participants themselves view it as a clash of cultures (Schein, 1990), and this is explicit, whether the language used is of sales culture (or bonus culture) versus service culture, investment banking versus retail banking, or old bank versus new bank. The implications of this conflict, however, are far reaching, and are discussed in detail in Chapter 6.

### **Conversation partners, bankers and the public**

At this point it perhaps useful to add a short exploration of a second form of conflict, also between insider and outsider (Tinker and Armstrong, 2008), but which is less obvious in the surface narrative. This is the conflict between the participants and the researcher. This conflict is suppressed in the conversations for reasons of good manners and because the researcher is making a conscious effort to understand each participant in that sense of understanding articulated by Gadamer (1975). Gadamer's approach to conversation emphasises coming to an agreement, rather than engaging in a contest. Nevertheless it remains a fact of the conversations that they are in each case a conversation between insider and outsider, albeit a sympathetic and interested outsider. Sometimes explicit arguments arise, very politely, between the two parties to the conversation, but most of the time the conflict is suppressed and runs as a background tension under the surface of the conversation.

This tension is detectable in a tendency towards defensiveness and repetition. Defensiveness surfaces in a number of ways. One participant opens the conversation with, 'Ok. Well I suppose on the basic front I tend to tell people I'm an estate agent now. It's slightly more respectable than saying "a banker"' (C8: 144). Most of the time, it is simply a question of participants adopting a defensive stance in response to a challenge by the researcher. In particular, senior executives naturally defend their own institutions, and in these conversations at least, frequently defend their place in the tradition (C2: 36, C4: 81-82). If MacIntyre is correct in his view of tradition, then what we would expect to find is that such defensiveness tends to argue for the goods of the tradition, and this is in fact what we do find. So for instance, one participant is asked by the researcher what he would say to a young person who was considering banking as a career, but was more interested in a 'really rewarding job' rather than 'getting rich': 'I didn't get rich being a banker'! (C6: 123)

This speaker then goes on to express the goods of his own tradition in terms of the relationship between banker and customer and the position of the banker in the community, over against the alternative tradition of investment banking (C6: 124). Similarly, P2, in defending his own organisation's ethos against any suggestion of a sales culture, expresses the goods of his tradition as a relationship of trust with the customer (C2: 36), together with the wider goods of the community, held together by a governance structure directly in touch with that community. P4 is defensive of his own organisation's role in the tradition largely because it is his job to defend it, and his role is partly a political one (e.g. C4: 81-82). Another participant misinterprets a question

by the researcher as a question about dubious banking ethics, and defends the tradition, although no criticism has in fact been voiced (C1: 2).

At times conflict between the partners in these conversations is explicit. At one point, researcher and participant argue with each other over the behaviour of one high profile chief executive who suffered great reputational damage as well as losing his job because of his role in the 2007/8 crisis. P1 finds himself defending the chief executive in question, in part over the question of his grounding in the tradition (C1: 12). Mainly, however, there is a background defensive attitude which is inherited from hostile press coverage, so that, as soon as the topic of ethics arises, a defensive position is more-or-less automatic: 'I must admit I do get frustrated with [a journalist] and the like going on about bankers, because I tend to view the City of London... I don't believe they're bankers in what you would think of as the Institute sense' (C8: 145).

In a sense, then, much of the tension between researcher and participants in these conversations is really an extension of the hostility which the bankers feel is directed towards them by the general public and the press. Where there is real engagement in a constructive argument between researcher and participant, then there is accordingly a chance of real progress in understanding. Very often this progress is made by the researcher understanding the participant's point of view better. But sometimes the participant can be caused to re-evaluate a position (C9: 178, C5: 101).

The overall picture of external conflict, between insiders and outsiders, emerges as one of defence. Most obviously, as narrated in the previous chapter, this is a story of a losing battle. Traditional banking in Scotland, which for this group means retail banking, has been unable to resist effectively the arguments of consultants, MBA generalist managers and investment bankers. This story of defeat is dramatically true of the period from the 1990s to early 2000s, and sadly for this group is also true of the current position, because the public at large no longer distinguishes between retail bankers, as this group see themselves, and a range of other investment banking-type activities such as hedge fund management, foreign exchange or bond trading.

#### **5.4 Conflict over goods and purposes**

Conflict among the research participants themselves is harder to detect than external conflict, partly because the participants are not here in direct dialogue with each other and partly because they are able easily to identify external groups to argue against (C6: 123, C8: 145), but not so readily to pick out factions within their own tradition to argue against. There is on occasion specific disagreement among the group on a

particular point, such as their assessment of one high profile acquisition which went wrong (P10: 201). However, such specific points of contradiction are rare and, in any case, do not necessarily directly express any fundamental conflicts over goods and purposes of the tradition. In order to detect more fundamental disagreements of this sort, we need to be able to understand the overall position of each individual with regard to their own telos, their rank ordering of goods or their underlying assumptions regarding banking as they have experienced it. We might then be able to compare those positions, and perhaps even to group them into opposing factions.

Such varying positions are evident when the interviews are read as a whole set. It is clear, for instance, that the last two participants in the group have a very different view of banking from the first three participants. To give a fully detailed picture of this here would risk breaching confidentiality. However, a broader description of trends is still possible; and this description can be organised around the notion of old banking and new banking as already explored in the chronological narrative. Arranging the factions this way raises an interesting question of affiliation which is explored below in Section 6.4.

The goods and purposes of old banking can be described partly in terms of virtues and structures. The virtues of old banking include courage in the Aristotelian sense of that word, justice, truthfulness, patience, self-control and practical wisdom; they are contrasted with vices such as carelessness, greed and ignorance. These virtues are goods in themselves. They are described and evidenced in detail in the section below on the virtues of old banking (Sections 5.7 ff).

Certain social structures are also goods and are recognised as such in old banking. These include a branch network grounded in local communities, the community status of the bank manager, the relationship between banker and customer and membership of the Chartered Institute as a professional body. In old banking, a 'banker' is clearly defined by membership of the Institute, and banks should be run by bankers. These structures are described above in the chronological narrative (Section 4.2).

### **Goods and purposes of new banking**

The goods and purposes of new banking can then be differentiated from those of old banking in terms of somewhat conflicting virtues and structures. The following paragraphs describe and evidence some of these new virtues and structures, because these are not dealt with elsewhere as are the goods of old banking. The description is less full, because the voice of new banking is less strong within this group, and the



evidence here excludes hostile views of new banking as portrayed by those most thirled to old banking.

The virtues of new banking do include some of the virtues of old banking such as justice and practical wisdom, but the ways that such virtues are conceived is different. For instance, tales of justice or injustice in new banking (C9: 171, C10: 196) are more focused on processes internal to the organisation, rather than the relationship between banker and customer. Meanwhile, new qualities appear as important, which are arguably not virtues at all in an Aristotelian sense, but are spoken of as virtue-like. Authenticity is an important attribute in new banking and includes the quality of transparency. 'I think they both had very clear values, so you knew what they stood for, and they were quite transparent in that' (C9: 171). '[She] was for me a phenomenal leader, very authentic and very true. Her values were very visible' (C10: 192) [...] 'being as authentic and as real as I can be, so not being something I'm not, not trying to over-position things' (C10: 195).

Other new "virtues" include adaptability and inventiveness. '[She] had been in HR for 27 years and was sent to run a contact centre, because it was, 'You have transferable skills, go and do it.' We loved that kind of variety.' (C8: 154) R: 'And just from the way that you're talking there, you obviously really enjoy the process of innovation; and well, that's your principal reputation; you have a reputation as an innovator.' P: 'Yes, well you can't go into new markets and set up new banks unless you offer something different.' (C3: 49). In new banking, stuffiness and formality are vices, and people must be forward looking, embracing change. The following speaker contrasts a younger, forward-looking accountant with older managers stuck in their ways:

'The Accountant was the person who was fully engaged, was the kind of forward thinking - he was a younger guy than them. He'd probably then be about late thirties, early forties; they were kind of fifties, had been brought up in a slightly different banking world. They were kind of more stiff, you know, sit with the kind of... call them "Mr." and everything else, but this chap was a really, kind of, "You've got to develop, you've got to improve."' (C9: 111)

Structures which are emphasised as goods in new banking include working for a large employer with opportunities for varied career opportunities accompanied by continuous business change and technological sophistication.

'I've always been in good areas with fantastic people riding the buzz. Because it is constant change. I suppose if I was being positive about it, I would say if you just look at that change... When I started it was microfiche, every morning. And when we did get a computer, it was 24 hours out of date. And look at us now. [...] From that point of view, it's still a fascinating industry.' (P8: 165)

'I've been given a lot of opportunities which has been super. [...] I think in an organisation the size of this. There's so many different things that you can do.' (C9: 173)

'And I see some things we do in this technology centre, the focus that we have on our customers, and the opportunity that I have to play in that space, even though I'm not face to face with the customer every day, I really value.' (C10: 183)

In new banking, a banker is defined less by their professional training and more by their employed role: 'if you work in a bank, you're a banker. But, within that, yes there are lots of different professions' (C9: 174). Banks should be run by the best available leader, whether a banker or not.

R: 'do you have any view as to whether bankers should be in charge of banks - I mean bankers as in professional bankers?' P: 'Yes, career bankers... I don't necessarily think they should be. I think so long as they've got the right people in their team that can advise them and direct them when they really need to be directed, and actually then when you get to that level, it's all about leadership and running a business.' (C9: 184-185)

The idea that banks can be run as generic businesses (C10: 204-205) is a key point of conflict between old banking and new banking.

## **5.5 Banking as a practice**

Before moving to interpret the narratives of this group as stories of a practice or practices, it is necessary to explore briefly the question of whether banking is a practice at all in a MacIntyrean sense. Van de Ven (2011) believes it is, largely on the basis of the status of banking as a profession (see also section 2.13). However, part of what helps us to identify banking in Scotland as a tradition in the previous sections are the institutional structures which also identify it as a profession, and these structures need to be kept distinct from the idea of banking as a practice, something which MacIntyre is very clear about. If we are to interpret banking in Scotland as a practice, it is the activity on which we must be focused, not the structures amongst which the activity takes place.

One way to proceed at this point would be to split down the idea of a practice into its component elements to establish criteria, somewhat as Nicholas (2012) does with the idea of a tradition. Those component elements extracted from MacIntyre (2007, p.187) might then read as follows. A practice is a social activity which is:

1) coherent and complex 2) cooperative, and through which 3) goods internal to that form of activity are realized in the course of trying to achieve

4) those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that 5) human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended.

An exercise in evidencing these elements could then be undertaken to show how these elements operated in banking in Scotland. There is, for instance no shortage of evidence, as is shown below, that this group of bankers take their activities to be coherent, complex and cooperative, there is plenty of talk of internal goods, and animated discussion of standards proper to that activity.

However, there are two reasons for not undertaking this procedure. For one thing, the process would be likely to reach a halt with the fifth element, because the result proposed by MacIntyre, that human powers to achieve excellence are systematically extended, is likely to be undetectable. Effectively, this last element is the one which locates practices as schools for the virtues (Knight, 1998) and, even if the narratives of the participants as a group could show that they are indeed virtuous characters, what it could not possibly show would be the *systematic* extension of such excellence, which would require a much wider evidence base. Secondly, at a more fundamental level, such an analysis would be somewhat beside the point, because the idea of a practice can best be understood in narrative form, at least in MacIntyrean enquiry (Lutz, 2004). This is true for reasons of methodological consistency (Coe and Beadle, 2008), but also for practical reasons. The only way in which we can hope to understand, with any meaningful degree of teleological insight, the way in which people might move towards excellence through an activity is by listening to their own stories of their progress (MacIntyre, 2007). So we are not so much concerned with elements of practice as criteria, but with the way in which all these elements work together to make a whole picture, and we are not so much concerned with the activity itself at a moment in time, but with the life narratives of participants in that activity.

Consequently, the procedure of the following sections is in keeping with the procedure of the rest of this chapter. The idea of a practice is explored through narrative. Along the way, there will be plenty of opportunity to point out how the various elements of a MacIntyrean practice are evident in this narrative, but this will not for the moment amount to a demonstration that banking ought to be viewed as a practice. That question will be resumed later at Section 6.5. At this point all that is shown is that by viewing it as a practice we can learn a great deal about the stories of these bankers, and new insights into their moral arguments become available.

One last question needs to be broached before proceeding. If Scottish banking is or was a practice, is there more than one practice in view in these conversations? A similar question has arisen already with regard to tradition, and the question of old banking as a tradition in its own right as distinct from new banking has been deferred to the discussion chapter. The question related to practice seems more straightforward. New banking appears as such a distinct activity or set of activities that it is hard to reconcile old and new banking as one practice. At the very least, in view of the conflict between the two which has already been shown above, it would be hard to group old banking and new banking together into an overall activity which would still count as coherent. The following narrative therefore focuses on old banking as a practice, with mention of new banking mainly as a contrast.

## **5.6 The recollection of practice**

Those of the group who started their careers in banking earliest have the strongest memories of old banking as a practice. They are able to articulate with confidence and with passion key features of that practice as it appears to them.

### **Apprenticeship**

Apprenticeship is of the greatest importance to their shared view of the practice, and their membership of the practice is largely defined by it: 'the great thing about the banks in those days, I guess because perhaps there was more mundane activities, everybody did start as a kind of apprentice almost' (C8: 145). All members of the group recall this process (most explicitly at C1: 2, C2: 31, C3: 52, C5:97, C7: 128, C8: 145, C10: 186). In the 1960s and 1970s these apprenticeships extended over long periods: 'your first promotion came when you were 30 if you were lucky' (C1: 6). This gave time for a thorough grounding in practical skills and an understanding of banking systems (C3:52). It also gave a grounding in ethics. People who experienced this process of traditional apprenticeship in old banking 'had a hugely long period of time in which to absorb the culture, the ethos and the ethics' (C1: 2). The idea of apprenticeship was bound up with formal qualifications and membership of the Institute, and up until the late 1980s there was an assumption that young bankers 'had to do exams as part of the bank apprenticeship' (C3: 54).

Such apprenticeships achieved many things, including a sense of belonging, shared standards and leadership of the practice. Shared standards, the 'ethical / cultural things of banking [...] never had been explicitly stated [...] it was just the way it was' (C2: 34). Because these standards resulted from a living practice, they were absorbed

by being socialised into the practice more than through formal instruction, and operated at the time as tacit assumptions rather than codes of conduct: 'it would have been challenging - to articulate [them] thirty years ago, because it's only now that you kind of realise that that was the way it was, because it changed so much in the meantime' (C2: 34). These standards might be unwritten but verbalised: 'mantras went around like: "We don't take equity in business. That's for merchant banks"' (C2: 36). And in this case the standard serves to draw a clear boundary to the practice. 'There was a time we actually said, "We don't do mortgages. That's for building societies. We don't do life assurance. That's for life companies"' (C2: 36).

### **Leaders in the practice**

The gaining of standards in old banking through apprenticeship defined the practice and developed leaders capable of providing authority within the practice, to a large extent by themselves providing exemplars of what it meant to be a good banker. 'The people who used to run banks were people who'd worked their way up from the ranks and knew everything there was to know about how that bank operated. They'd inculcated the traditions throughout their career and they were great authority figures' (C4: 88). The emphasis was not on the individual manager, or personality or authenticity, but on a general type, showing a certain uniformity, because all were apprenticed in the same practice. 'Well I had a lot of good managers in my younger day [...] and the managers when I was young gave me a good grounding. I wouldn't single any of them out. It was basically, that was a standard you had to aspire to' (C3: 52:53)

For those who are most attached to old banking, the provenance of their leaders is of great importance:

'It's said that he was offered the governorship of the Bank of England and turned it down because he preferred to stay in M Bank. So he's the kind of guy that people felt safe with. But he'd been through the whole route of the traditional banker, because he was probably the first graduate entrant to M Bank, and he'd done military service as well, but they made him start in a branch making the tea. So he's seen it all.' (C1: 7)

This is not only because a shared history gives a sense of social comfort. It is also because banking is a complex practice which can seem deceptively easy in periods of extended economic growth. One banker sees this as being a key component of what makes for a self-defining practice, and a key symptom of its dissolution as a profession. Speaking of being consulted by a politician over high profile building society failure, one banker says:

‘You’ve got to ask the question: Are they qualified bankers, qualified building society guys? And they’re not. [...] We’re the only profession in the country that’s allowed other people to run it. Doctors haven’t done that. Lawyers haven’t done that. Dentists haven’t done that. Everybody thought banking was easy. It was just a retail commodity. Yes, we commoditised some of the products, but all we did is we took some of the knowledge that we had and actually translated it into analytical tools and analytical tool sets.’ (C3: 60)

## 5.7 The goods and purposes of the practice

To a large extent, the goods and purposes of banking as a practice, as expressed by this group, are not very different from the goods and purposes of banking as a tradition except that the goods of the practice exclude certain institutional structures. The internal goods of the practice, like the goods of the tradition, can be described broadly as a range of typical virtues, a set of capabilities, a set of relationships and some distinctive purposes. The virtues of old banking are dealt with in more detail in further sections below. Here are discussed capabilities, relationships and purposes.

### Capabilities

To describe capabilities as goods is uncontroversial<sup>23</sup> in Aristotelian ethics and it is not intended at this point to enter into a debate about the relationship between virtue and *techne*. Here it is perhaps sufficient to state that capabilities are being discussed in association with the idea of ‘*techne*’ (Aristotle, NE, II.4) to include skills and expert knowledge, and that the primary distinction between virtue and *techne* is a twofold Aristotelian one. A *techne* is an instrumental capability which may be used to a range of ends, either good or bad, whereas a virtue cannot move towards a bad end, since virtue also encompasses the idea of a good *telos* (MacIntyre, 2007). Second and related to this, a given specific *techne* or a subset of *techne* can operate to a degree independently of some notional complete set, whereas virtues always operate as a complete set as understood in the doctrine of the unity of the virtues (Aquinas, *Summa Theologiae*, I-II, Q.65, A.1, co.; Porter 1993). Even so, there remain some difficulties with this notional separation of *techne* and virtue, and this topic will be discussed further in Chapter 6.

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<sup>23</sup> This is simply to say that Aristotle’s argument about the characteristic functioning of human beings is central to his argument about goods. ‘For just as for a flute-player, a sculptor, or an artist, and, in general, for all things that have a function or activity, the good and the ‘well’ is thought to reside in the function, so would it seem to be for man, if he has a function’ (Aristotle, NE, I, vii). It does not imply anything concerning Nussbaum’s capabilities approach (Nussbaum, 2000).

What sorts of capabilities contribute to the goods of old banking? One key and in some ways defining capability is the understanding of banking and the bank as a whole. This is expressed in concrete rather than theoretical terms, being not so much a grasp of the economics of banking systems, but a practical feel for what banks do: 'a real idea of what the bank is about, what were the bits that made the bank tick and what was important. [...] just the nuts and bolts of what makes the bank' (C2: 26). This included elementary understandings of technical processes: 'you understood the credit entries, you understood the debit entries, you understood what happened when a cheque was unpaid. You understood all these basics' (C3: 52). It also included highly complex understandings. Many of the bankers talk with enthusiasm of their technical achievements in developing systems or of managing complexity (C8: 152, C3: 48 and 59, C5: 129) and, for most, technical proficiency or a thorough understanding of banking has been a key element of their route to success (C2: 24, C6: 109, C10: 191).

## **Relationships**

Three main types of relationship appear to be important goods in old banking. Most obviously the relationship with the customer is central and defining. This is true when bankers are simply speaking about their own past, (C2: 27, P6, 114, P7: 130 and 143) and when they are trying to locate what banking is all about. 'The *raison d'être* is to serve the customer [...] if I can't articulate what it is I do in terms of what [it] gives a customer [...] then I shouldn't be in a job' (C10: 199). The central importance of the customer relationship is perhaps expressed most pointedly when they wish to criticise someone as not understanding banking or not being a proper banker, a criticism particularly levelled at leaders. One Chief Executive whose background was general management and venture capital 'wasn't particularly interested in talking to customers, because he'd come from that background, because a customer to him was a deal' (C2: 32-33). Fully apprenticed bankers gain a unique understanding of customers from their time spent in branches, and good leadership is 'leadership that's closer to the customer' (C5: 106).

Equally valued in the context of old banking is the banker's place in the community (C2: 22-23, J3: 63). This is of course directly linked to the customer relationship because customers form a key element of the community, but it also concerns other structures. Branch managers 'were involved in the community, they were elders in the church, they had... there was an involvement and a professional status and there was something about those people' (C5: 99).

Finally, as with any practice, friendships with colleagues are valued (C5: 99-100), and they are valued not only as people, but also as fellow practitioners. 'They all understood and all worked well as a team, because they all understood what a core bank was' (C3: 56).

### **Purposes**

One aspect of coherence evident in old banking as a practice is that between goods and purposes. The purposes of old banking are frequently stated in direct connection with the customer relationship. Banking was there 'to provide a safe home for people's money and to lend people money on a sensible basis' (C2: 36). 'The first thing we were taught in banking was that you were a custodian of deposits. You're looking after other people's money' (C3: 51). These formulations of the basic purposes of old banking in terms of customer service (C2: 36, C10: 199) are in marked contrast to formulations which are more in tune with new banking and economic theory, such as 'redistributing the available capital' (C8: 156). These kinds of purpose become more apparent below in the context of virtues, because virtues such as constancy and justice as understood in old banking are very much dependent on an understanding of the purposes of banking.

A second aspect of coherence in purpose is the match between internal goods, the purposes of the practice and the purposes of each individual in the way that they steer their own life, i.e, their own *telos*. When asked the question, 'How would you recommend banking to a young person considering their career choices?', none of the participants indicate external goods of money, power or status as attractive rewards in themselves. Those who are most attached to old banking speak about the rewards of having a place in the community and the status and relationships which go with it.

'So someone coming into banking, I'd say, 'If you want to - it depends which part of banking you want to come into - I'm a retail banker - if you want to work with people and you want to be involved with looking after and serving people on the street, with businesses and helping that - community banking - there's a lot of enjoyment out of that, there's a lot of fun to see businesses started off, growing, employing people and as part of the community. That's a different model [from investment banking] and that's where I think the fun is.' (C6: 124)

## **5.8 The corruption of the practice**

A clear line of development in MacIntyrean enquiry has been taken by Beadle, Moore and others (Moore and Beadle, 2006; Beadle and Moore, 2011) which explores the tension between practices and institutions, and which regards institutions as mechanisms for both supporting and corrupting practices. There is further discussion



of this idea in Chapter 6. For the present, the interpretation offered in this section explores this tension as one aspect of the decline of the practice, but does not seek to theorise it as an overall diagnosis. Rather, an interpretation is offered which is as close as possible to the accounts offered by the participants themselves. Corruption here is understood as loss and breakage, a breaking down or loss of the goods and purposes of the practice. This story of breaking down is very clear in the narratives of the group and it throws into relief those original goods and purposes; as they are lost or opposed, they become more obvious and articulated. Goods which might otherwise have been hidden come to light as they are lost.

### **Loss and breakage**

One such good is the structural good that a practice should lead itself. That the leaders of banking in Scotland would be Scottish bankers was, in the 1960s and 1970s, so taken for granted that it could hardly have been articulated as a good. This changed when it was removed. One banker speaks of the collapse of a building society: 'We're the only profession in the country that's allowed other people to run it' (C3: 60). (The full quotation is given above at Section 5.6.)

This became a general problem. 'There are very few bankers at the top of banks who are professionally qualified bankers' (C5: 102). This loss of authority went hand in hand with a whole raft of other losses and breakages.

'Yes, the other thing was the banking exam side all went by the board. We had to do exams as part of the bank apprenticeship. We had to pass part one first, then you'd to pass your part two, and then you had to do all that... That gave you a good solid [grounding] in ethics, lending, knowledge of history and all that, what went on, together with the practical training, because they moved you into different areas, you know branch, department, marketing department, things like that. And that was all part of the culture of understanding how banks operated at the time, whereas what happened was it seemed to me after about 1995 or so, anybody could run banks. And it's as a profession, we lost it.' (C3: 54)

### **De-skilling**

The requirement of a coherent set of qualifications for all those aspiring to be managers was abandoned, and along with this change the traditional skills of old banking were eroded or replaced by new ones, 're-skilling or de-skilling depending on how you want to look at it' (C5: 93), a process which resulted in a new workforce with many specialists, but few generalists who had the comprehensive skills and knowledge of old banking and who could therefore perform 'proper banking, when you were actually there to give advice to the customer, be that point in the community' (C8: 156). The same speaker sees those who now occupy managerial positions in the branch

network as having sales techniques rather than the skills and knowledge necessary to provide a professional service: 'if you went into any bank round about here in the space of a mile, would the manager be able to tell you how to set up a small business? I suspect he wouldn't, because they'll be retail only, and they're probably 21, to be honest. And they're the branch manager because they had the best sales record' (C8: 156-157).

Other goods were lost along the way as part of the same process; the goods of professional status, skills and standards were replaced by sales targets:

'You know, you were the banker, so there was a position in society that went with that, and behavioural expectations, most of which you imposed upon yourself, but society also had those expectations of you and with the onset of a much more aggressive commercial approach to banking - not just to banking but to the whole business world, that's pretty much gone.'  
(C1: 10)

### **Fragmentation**

Breakage is apparent in various ways in this process of the corruption of goods and purposes, and is expressed in various ways as the fragmentation or dissolution of the profession. For instance, two of the participants use the word 'disaggregation' in different ways. One uses it to describe the way in which the services, functions and skills which used to form a coherent set in old banking have been broken up and redistributed around large, complex, diversified organisations so that banking as a coherent profession is no longer at the centre of the bank. For one banker, 'the product set's been disaggregated' (C5: 103). Another speaks in the context of the customer relationship about the 'disaggregation of channels', and speaks of the 'customer morphing from the branch to web, to ATM etc. So you lost them to deal with, to interact' (C8: 143). Organisational complexity intervened to break up professional mastery, and technology intervened to break up the relationship with the customer which was the central good of old banking.

It appears in these stories of the decline of old banking that the corruption of that practice was comprehensive and multifaceted. It involved a raft of losses and breakages: the loss of qualifications and skills, the erosion of standards and status, the loss of customer relationships, the loss of leadership, the fragmentation of functions and roles, and the weakening of professional structures.

Does this amount also to moral corruption? Certainly the participants in this research were keen to acknowledge that banking had lost its way ethically as well as financially. One way to view this decline in ethical standards is to locate specific or systematic

transgressions, in the way, for instance, that the Parliamentary Commission on Banking Standards (2013) has done. Another way to view it is from a virtue ethics perspective, looking at the virtues of old banking, and seeing how they have been marginalised or displaced in new banking. The following sections make this attempt, considering a core set of virtues which appear to characterise the practice of old banking.

## **5.9 Cardinal Aristotelian virtues in old banking**

This section considers the position of old banking in relation to the cardinal Aristotelian virtues of justice, courage, self-control and practical wisdom. As MacIntyre (1988) demonstrates, conceptions of these and other virtues vary from tradition to tradition, and therein lies a potential difficulty of translation: there can be no presumption that Scottish bankers are articulating the same virtues as Aristotle does. The following paragraphs therefore make no claim that the participants in these conversations are speaking of virtues which are exactly equivalent to Aristotle's, only that there is a broad correspondence. As the argument proceeds in later sections and in Chapter 6, it will become clear that these virtues work together in a coherent tradition in a way which strengthens that correspondence.

### **Justice**

Many of the participants are strongly interested in justice and, in the context of old banking, the notion of justice was centred on the financial contract between customer and bank, and more specifically on the notion of stewardship of another's funds. Banking 'was there to provide a safe home for people's money and to lend people money on a sensible basis' (C2: 36). Unlike in new banking, where complex mass communication technologies act as a veil between bank manager and retail customer, in old banking the relationship was direct and personal. Correspondingly, justice along with other virtues emerges as something which was not only designed into the systems of old banking, but was also something instilled into young bankers as a virtue (C2: 36):

A Presbyterian upbringing was always straight, truthful, honest, above board, you know all these. It's inbred into you. You know, it comes back to even the managers that hadn't a role as elders of the Kirk and all that in these days it was always back to: your primary role here is, you're a custodian of deposits - it was bred into me when I was just seventeen - when you lend, you're lending other people's money. [...] That's what we're here for, and we're going to make sure we're going to get this back. (C3: 61)

There was an implicit contract here which was directly between the banker and the customer, a relationship based at root on a simple act of trust in which depositors trust the banker with their savings and trust that they will get their money back (C2: 36). This relationship of trust in effect defined responsible lending, because in old banking it was not the bank's money which was being lent, but the depositor's money which was being lent on. The proper discharging of the duty to repay the depositor's funds when required – the fulfilment of the responsibility of custodianship - was the primary arena for the operation of justice by the banker. This then extended to other aspects of justice, similarly oriented towards the trust placed by the customer in the banker, for instance the duty to act well as a trusted financial advisor (C5: 96), or to act as a trusted lender (C3: 62).

Tales of injustice are oriented in the same way, being described mainly as abuse of the relationship of trust between banker and customer. This is most obviously the case with mis-selling of products (C2: 30, C8: 150), and is explicitly linked to the gap between cultures: 'we're dealing with different, completely different cultures and environments [...] so there was mis-selling, because that's what the engine's saying 'I want more of this'. (C6: 127)

In traditional Scottish banking, then, there was a clear line of thought on justice. Justice in the specific sense of distributive justice centred on the obligations of the banker towards the customer, and this relationship was definitive of the virtue in its particular application to banking. Broader notions of justice as straight dealing or honesty were not simply founded on this relationship - they were inherited from broader social structures including the Kirk - but justice in old banking was focused and developed specifically in terms of the obligation to the customer. It was a strong if somewhat Old Testament version of justice. There was no room for mercy or the forgiveness of debts. The other Aristotelian cardinal virtues in old banking were to some extent dependent on this basic notion of justice, and this is discussed further in Section 6.3.

### **Courage**

'So the courageous person is the one who endures and fears – and likewise is confident about – the right things for the right reason, in the right way and at the right time' (Aristotle, NE, III.7). In describing the virtue of courage, Aristotle was not only concerned with physical danger of injury or death, but with a range of possible dangers, including loss of money or status. Courage, in this Aristotelian sense of a right attitude towards fear, danger or risk, was a very large part of what the 2007/8 crisis was about. This is most obvious in the condemnation by the bankers of the

corresponding vice of recklessness, where ‘the risk taking went [...] beyond the bounds of good sense’ (C1: 19). A concern with recklessness or ignorance of risk is ubiquitous in the conversations (C1: 17, C3: 53, C7: 135, P8: 150), and is termed on some occasions ‘complacency’ (C10: 200) on others ‘arrogance’ (C9: 180). In terms of an Aristotelian mean (Aristotle, NE, II,6) – hitting the right balance between cowardice or recklessness – there was a very clear position adopted by old banking, that risking depositors’ funds was a bad thing. The principal vice, therefore, was recklessness or carelessness with other people’s money. There is no mention of any opposing vice such as timidity or cowardice, because the virtuous banker had a virtually zero tolerance of risk (C2: 36). It is tempting then to characterise courage in this context as the bankerly virtue of prudence. However, the word *prudent* is used just once (C4: 87), and then by the only non-banker in the group. Words preferred by the group in the context of virtuous lending are *good sense* (C1: 19), *wise* (C1: 19), *sensible* (C2: 34), *responsible* (C2: 36). There is in fact no single term used by the group as a whole to refer to a right attitude to risk, but all would nevertheless recognise terms such as *responsible lending* or *good sense* to refer to the same thing with regard to risk.

In old banking, knowing in practical terms how to go on with lending or any other banking activity, in order to achieve such responsible use of funds, was very much dependent on a sense of justice, because these attitudes were always based on the role of the banker as custodian of deposits, rather than as corporate entrepreneur. It was also directly linked to practical wisdom and technical expertise.

### **Practical wisdom**

One of the notable things about this group is that there is frequent talk of practical wisdom. Several are readily able to articulate the difference between virtue and *techné* (see Section 2.10), and most have some idea of how virtues operate together in their sphere of work. These understandings tend to rotate around *phronesis* or practical wisdom, which in turn depends also on other aspects of a good character. Aristotle (NE, VI.5) describes practical wisdom as the ability to ‘calculate well to promote some good end that lies outside the ambit of a skill’ ...and ... ‘a true state involving reason, concerned with action in relation to human goods’. Foot (2002, p.5) sees practical wisdom as having two parts: ‘In the first place the wise man knows the means to certain good ends; and secondly he knows how much particular ends are worth’. It

thus has an evaluative element (knowing a good end) and a calculative one (how to achieve the good).<sup>24</sup>

The question of practical wisdom arises in these conversations particularly in the context of leadership, and it is wisdom rather than cleverness or technical knowledge that is prized by many of those speakers who voice the values of old banking. Since such things are perhaps significant findings, and are discussed further in Chapter 6, it is worth looking at some of these articulations in some detail.

‘I mean, a lot of the people who sit at the top of these banks are technically competent, but when it came to making a decision, about what was the right or the wrong thing to do, they went with the wrong thing. And to me that was more about human nature and how they were brought up, what is right or wrong in their world, as opposed to anything else. I mean if you take M [name of Chief Executive removed] as an example, do I think M is a very bright individual? Absolutely. No doubt about it. He was sharp in lots of ways. But once you get to the level he got to, there’s almost this human bit where ‘I can’t show my weaknesses’. And certain individuals are like that. [...] And of course in areas where he should have sought more assurance and understanding... and then there’s the kind of ego thing becomes big.’ (C6: 119)

M lacked practical wisdom rather than *techne*, and that deficiency brought down his bank. It is seen here as a character failing associated with a kind of pride or a fear of showing weakness. Others reiterate this diagnosis of the same high-profile leader (C1: 12, C5: 100). One of the reasons why technical competence does not come to support an overall practical wisdom is a failure of upbringing. Those who have not been through the required apprenticeship over an extended period of time do not have the experience required to achieve practical wisdom, because they don’t fully understand the consequences of certain sorts of action:

‘You’ve to be through two or three bad cycles to actually understand what goes wrong, which I have been in my career. If you go back to the recession periods of the 70s, were always a bad cycle, and then you come out and as [name removed] used to say to me, “Understand, we’re building a book that could withstand the bad times, not withstand the good times.” You don’t get it all right, but generally you get it right’. (C3: 56)

This is not to say, of course, that *techne* was not a good. Under old banking, *techne* and practical wisdom were seen as aligned, and the above speaker recalls how his

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<sup>24</sup> MacIntyre (2007, p.161) enumerates ‘four essential elements’ to practical reasoning in terms of Aristotle’s practical syllogism: the presupposed goals of the agent; the assertion of the major premise (this type of thing is good for a such-and-such); the assertion of the minor premise (this is an instance of this type of thing); the action that concludes the syllogism (Section 2.9). I have used Foot’s two part expression for simplicity in the main text.

traditional expertise saved one bank from humiliation, because only someone with his depth of understanding could diagnose the large but hidden problem building up in the divisional accounts (C3: 57). The same speaker emphasises that good leadership entails understanding what to aim for, and that non-bankers do not have such understanding: 'leadership does come from the top, but you've got to understand what your goal and your objectives are, what you're trying to achieve. It was the same in F and K [names of banks removed], not bad banks, to be honest, but not run by bankers' (C3: 60).

These explanations of practical wisdom are offered frequently in the context of leadership, and particularly in the context of leadership failures in new banking. One of the features of old banking which was lost in its defeat by new banking was the operation of practical wisdom at branch level and at the level of customer transactions. In old banking, the decision to lend money was based partly on assessment of character – 'a judgement call' (C3: 62) – something which was increasingly removed by technology (C3: 52), as 'technology became more important [...] and took away decision making processes' (C7: 128). In old banking, advice, for instance on small business financing, was offered to customers based on professional judgement, rather than on a product line: 'I felt before I was selling my ability to make a difference, rather than selling a product on which I had no real knowledge or expertise' (C7: 130-131).

The overall picture here is that practical wisdom was actively developed in old banking because it was required at branch level, but the rise of new banking accompanied by automated decision processes and greater central managerial control increasingly removed the exercise of such judgements. In other words, banking in Scotland was not only de-skilled, it was at the same time 'de-virtued', because the development of the two were linked in practice.

### **Self-control**

The virtue of self-control in old banking is taken for granted and little discussed by the bankers, although it reappears in a somewhat different form as patience in the next section. Aristotle (NE, III.10) describes self-control (*sōphrosune*) in terms of a balanced attitude towards bodily appetites such as sex, drink, food etc. With respect to what appetite would self-control be needed in old banking? A common sense answer to this must be the desire for money (Weitzner and Darroch, 2009). Aristotle's scheme locates the vice of *pleonexia* ('acquisitiveness' (MacIntyre, 2007, p.137), possessing and possessing more) as a form of injustice, and, strictly speaking, discussion of it belongs under the head of justice rather than self-control. It is discussed here under the head of self-control in order to emphasise that a lack of self-control was a problem

not only in respect of money, but also in respect of a range of other goods such as status, power, prestige.<sup>25</sup>

Interestingly, the love of money appears nowhere in narratives of old banking. There is acknowledgement that traditionally banking in Scotland was a respectable, stable and financially comfortable career (C1: 11), but slow-moving hierarchies in slow-moving organisations created little opportunity to make a great deal of money quickly for most traditional bankers. (This seems true for this group at least, speaking principally as employees and managers; it may have been different for stock holders.)

What does appear frequently is condemnation of greed and especially of the bonus culture of new banking, and the onset of the bonus culture is directly associated with failures of judgement or practical wisdom (C1: 6, C2: 7, C3: 50, C7: 135, P8: 156, C10: 203). There is no condemnation of moderate profit (C3: 53), of wealth as such or of a reasonable ambition for seniority and a good salary (C7: 139). The bankers here are simply interested in a healthy balance of goods and they are sensitive to how quickly that balance can be tipped towards greed (C5: 98, C6: 124) and consequently towards a lack of practical wisdom: ‘everything was just getting more and more hectic and more and more exciting, you know, and these good times would never end, and everybody was just pushing forward and pushing forward’ (C2: 31). The efforts that some of the adherents of old banking make to distance themselves from the greed of new banking can lead to almost comic language. As one banker has it: ‘Yes, I wouldn’t go into banking to get rich; you ain’t going to get rich now anyway ... I was fortunate, but I never earned a fortune in comparison to bankers!’ (C6: 124) Greed is also associated with injustice (C2: 38) and with bad character (C1: 14, C5: 99, C8: 164).

### **5:10 The traditional bankerly virtue of truthfulness**

Once we step outside of a given canon of the virtues – in this case Aristotelian cardinal virtues – a whole range of potential descriptors of virtue opens up. How then is a decision to be made on what to include or to exclude in a short list of those additional virtues which seem to be most characteristic of old banking in Scotland? Two criteria have been used here. First, any candidates for further virtues to be included in this chapter must be clearly related to the four canonical virtues already mentioned.

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<sup>25</sup> I have preferred the term *greed* to *acquisitiveness* for this reason. The stories of excess in new banking are not so much of personal wealth gained and held, and more wealth added, but rather of an increasingly feverish pursuit of goods which were questionable as to degree or appropriateness: wanting things and wanting them now. Aristotle does not have a discrete virtue of self-control with regard to ‘non-bodily’ appetites.



Second, they must be clear in the primary data, i.e. they must either be frequently occurring, or they must be pivotal to one or more of the participants' narratives. The further virtues which appear to meet these criteria are the virtues of truthfulness, constancy and patience. Others could be added to the list – courtesy, for instance – but these three seem particularly strongly present in the conversations.<sup>26</sup>

Truthfulness is described here as a characteristically bankerly virtue because it is, of these three, most directly related to both the tradition and the practice of old banking in Scotland. The word *truthfulness* is being used in this thesis in a way which follows the sense given by Williams (2002). Williams describes truthfulness as having two component virtues, accuracy and sincerity. 'You do the best to acquire true beliefs, and what you say reveals what you believe' (Williams, 2002, p.11). It is significant that both of these components are observable in recollections of old banking, that both appear to be of equal importance and that they work together.

### **Sincerity**

Truthfulness as sincerity is claimed with pride by those who most value old banking (C1: 14-15, C3: 61) and traditional bankers are praised for being 'honest and trustworthy' (C7: 136). Such praise is frequent, with a range of similar terms being used: 'honesty and integrity' (C3: 62, 63 and 74) were at the heart of old banking, good bankers were 'straight' or 'straightfoward' (C2: 27, C3: 61). There is a close link here between justice and truthfulness, and both are encompassed in the notion of integrity in the relationship with customers. Deceitfulness was a vice which directly countered the virtue of justice: a traditional banker 'was deemed to be, as I say, a custodian of deposits, and if you lie to people...' (C3: 53). Dishonesty is still regarded as a personal vice in new banking (notwithstanding institutional and system wide deceitfulness in, for instance, mis-selling of products), but is more an issue when dealing with colleagues than customers and is differently expressed in the language of authenticity (being true to oneself, Section 5.4).

### **Accuracy**

Particularly striking in the stories of old banking is the central position of Williams' other virtue of truthfulness, accuracy, not least because banks are saved by it or fail in its

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<sup>26</sup> These criteria may not appear to exclude many qualities which might be termed virtues in common language, but they do oblige the author to make the case in this specific occupational context. So for instance, it would be stretching a point to argue for cleanliness as an obvious virtue in banking because it somehow relates to justice in the customer relationship (?), whereas it would be essential to argue for cleanliness as a virtue in nursing, because it is exactly related to justice in the relationship between nurse and patient.

absence. Accuracy, as Williams (2002, pp.87-88) has it, is 'the virtue which encourages people to spend more effort than they might have done in trying to find the truth, and not just to accept any belief-shaped thing that comes into their head'.

The habit of painstaking accuracy, which we might term *diligence*, was something deeply ingrained in old banking, particularly through its system of apprenticeship:

'But the basic core grounding apprenticeship schemes that we went through, they give you that knowledge and understanding. It wasn't just keying entries into a computer, not understanding what was happening. If you're writing hand-posted ledgers, which we weren't allowed to make mistakes in [laughs], right, you actually understood what was actually happening. You know, what was a debit, what was a credit, where this was coming, what was cash, what was this, what was that.' (C3: 52)

With this speaker, this quality of diligence is a point of great personal pride, and the story (C3: 57) which he tells of saving a division of his bank from a disastrous systematic accounting failure is one in which he personally pursued the truth through the details of the bank's accounting system until he finally uncovered the systematic error which instinct told him was there. In doing this, he was working against the odds, because nobody else believed there was a problem, and he was working against technology because the error was hidden by the complexity of computerised accounts. He was able to eventually detect and diagnose the problem, which by that time had already accrued £58m of losses which had not been detected by the accounting system. The revelation of this problem saved the division from accruing further losses to a potentially fatal level.

His pleasure in recounting this story is clear, not least because it is a vindication of the importance of practical wisdom and painstaking accuracy – the expert knowledge of the traditional banker:

'And we were getting told in the [name removed] bank - here's an example – "Look how these guys are growing their book. Look how wonderful it is. Look how marvellous it is." And I was sent over there to look at this and learn how they're doing it, because I was an old fuddy duddy, right? So I was put in there in [name removed] financial services and within a week, one of the non-exec directors who was a traditional banker on D's [name removed] Board, says, "This cannot be right. I don't know what they're doing, but it can't be right." So I went in...' (C3: 57).

This speaker's example is particularly colourful, and it is important to him because it demarcates a key distinction between old banking and new banking. As custodian of deposits, the traditional banker had a personal obligation of accuracy in his relationship with the customer. Old banking did not take risks with other people's money, and an essential capability in avoiding risk was diligence in accounting for that money, a

diligence which could not operate in the absence of a full (and time-served) understanding of the 'nuts and bolts of what makes a bank' (C2: 26).

Old banking understood well that sincerity was necessary but insufficient for truthfulness; the habit of painstaking accuracy was also required. The stories of the collapse of *new* banking on a grand scale in the crisis of 2007/8 are preeminently stories of a lack of diligence. This is true of due diligence in taking on major acquisitions (Perry and Herd, 2004) (C1: 19, C10: 201), it is also true of the trading of derivatives either too complex to understand or deliberately designed to disguise the truth (C6: 120, C8: 156, C10: 200). This in turn brings out another feature of accuracy in the sense of truthfulness which is critical to its functioning as a virtue rather than simply a technical skill; accuracy or diligence in old banking required not only attention to detail, but also understanding. It was not a machine-like faithful reproduction of data; it was a capacity to grasp also the implications, the relevant meaning of data, a question of knowing what to look for and how to apply information; something which turns on a capacity for judgement and consequently answers also to the virtue of practical wisdom.

In sum, the virtue of truthfulness, in both of its aspects of sincerity and accuracy, was central to old banking: it was required of the banker as custodian of deposits, and was consequently directly aligned with the virtue of justice in a way in which it is not in new banking.

### **5.11 The virtue of patience**

Painstaking accuracy implies patience in the execution of the task, and the quality of patience turns out to be a recurring theme in these conversations. Patience 'is the virtue of waiting attentively without complaint' (MacIntyre, 2007. p.202) for some good purpose. In old banking, patience was learned as part of one's apprenticeship, and it was a vital attribute in permitting the development of practical wisdom:

'I was forty before I got my first managerial type appointment. And even at that I was probably inexperienced, looking back. What I mean is experience grows through experience if you know what I mean; you gain that through practical day-to-day operations and learning from people who are more senior than yourself' (C3: 66).

There is an explicit acknowledgement here that practical wisdom is built on experience (C3: 55) and, in the case of banking, prolonged experience. There was a stability built into old banking, which permitted its practitioners to develop the patience required: 'people could afford to be patient, because they knew what was ahead of them. It was

a job for life; which was one of the other things that got thrown out in the nineties' (C1: 10). Patience was valued in the leaders of old banking (C1: 8, C2: 27), and criticisms of bad leadership from the perspective of old banking are very often criticisms of a lack of apprenticeship because leaders lacking an adequate duration of apprenticeship in banking lacked the experience required to develop practical wisdom (C1: 6, C2: 33, C3: 56 and 64, C4: 87-88).

Patience was important as a character trait of leaders in a number of ways. The development of the necessary understanding of banking was not something which could be rushed; it was something you had to 'grow up' with (C6: 117, C4: 78-79), patience was therefore a prerequisite of leadership development. Once in a leadership position, patience in dealing with people, particularly subordinates, was valued as a virtue in its own right (C2: 27). Patience was vital in the exercise of due diligence (Section 5.11). Finally, it was important as an aspect of self-control in the development of the organisation. New banking is described by traditional bankers as obsessed not just with growth but with the pace of growth (C3: 50, C8: 156); the problem is both greed *and* impatience. For traditional bankers, the corresponding vice of impatience is a character defect and appears as such in an immediate and personal way: 'He was actually quite, on the face of it, quite a charming guy, but quite vindictive, quite nasty with people. He was, you couldn't describe him as anything other than, brilliant at what he was doing, but he would have no time for - no time in an impatient sort of way - for anybody's failings, shall we say' (C2: 32).

Patience is not a virtue in new banking. Certainly, adherents of old banking criticise leaders in new banking for their lack of patience as illustrated above, but more importantly, there are no tales in new banking of the value of patience. There are, by contrast, criticism of bankers or banks as slow-moving or sleepy (C6: 111, C10: 190-191), and frequent positive stories of the extent or speed of change (C8: 165, C9: 168, 173-4, C10: 186, 188-189, 203).

Patience was linked to all of the cardinal Aristotelian virtues in the context of old banking. It was linked to justice, because the obligation of the banker towards the customer was not particularly to *do* anything with money, it was to preserve it, to keep it safe, and this was a long-term project. In this respect, patience was also linked to courage and self-control, because an appropriate view of risk, given this idea of justice in banking, required a long time horizon. The pursuit of growth, particularly short term growth, was a corollary of recklessness and greed. Lastly, patience was directly linked to practical wisdom in two respects; it was a feature of the exercise of practical wisdom in old banking, and it was a prerequisite for its development.

## **5:12 The virtue of constancy**

The meaning of *constancy* as used here is linked to the Aristotelian idea of integrity in the sense of wholeness of character (rather than in the common language sense of integrity as honesty). Integrity is that virtue which sets limits to one's adaptability to social roles, and constancy is that which sets limits to flexibility of character (Maletta, 2011). Constancy as a virtue is particularly linked to resistance as an activity (Beadle, 2013). Without constancy, a person is unable either to detect where resistance might be necessary or to find the strength necessary to offer that resistance.

### **Resistance**

In all but one of these research conversations, there are many tales of constancy because there are tales of resistance against a background of conflict. Constancy has a particular flavour in the conversations, and is associated with an identifiable kind of feeling, which we might term moral discomfort (C6: 110, C7: *passim*, C8: 155). One speaker (P7) gives a full portrait of this in his account of his own career. He had attained a level of seniority which was unusual for someone as young as he was at that time. He enjoyed the role, which allowed him to form stable relationships with his business customers, and the role should have been a stepping stone to further promotion. However, whilst in the role he became uncomfortable with the new sales culture which was being introduced and which he saw as transforming long standing relationships of service provision and mutual benefit into ones characterised by sales targets and exploitation of the customer. The theme of discomfort recurs regularly and explicitly in his narrative (C7: 129, 130, 136, 137 and 139), and at one point he describes in personal terms his decision to quit his role as a result of increasing pressure to pursue sales targets rather than customer service. He voices this as a dialogue with his customers in which he tells them of his discomfort and his obligations to them in giving reasons for resigning. (The story is given more fully above at Section 4.3.)

### **Sources of constancy**

The basis on which he came to this judgement is clear, and it was not only a question of how he was trained to do banking, but how his whole life, including his family life, fitted together: 'these things are instilled in you from the way you're brought up and who you engage with throughout your life' (C7: 137). The cost to his career of resigning from his managerial role at the time in terms of seniority and pay was significant: 'I took a pay cut and I - what's the opposite of promotion? The word

escapes me at the moment - I took a drop down in levels as a result of that, to get out of the role' (C7: 139).

Even if they are not always as dramatic as in this case, several other participants have their own stories of constancy and resistance, which involve moving jobs or losing seniority or pay (C2: 26, C3: 49 C6: 110) or refusing certain actions despite institutional pressure (C3: 59). Such stories of the resistance of old banking to new banking are told in terms of resistance to sales culture or to the pursuit of foolish objectives in the interests of short term gain. A clear set of standards was in operation in old banking which provided limits to behaviour, and an awareness of those limits depended on one's training in banking and on one's upbringing in family and community (C7: 139).

There are stories of constancy in new banking and they can also result in acts of resistance involving moving roles within an organisation. One speaker in new banking clearly understands the idea of setting limits to flexibility of character and puts it very precisely with regard to standards of behaviour among colleagues: 'I'm not going to change to be the way that you want me to be' (C9: 173).

However, new banking also champions an entirely different quality of flexibility or adaptability which pulls in the opposite direction from constancy. It involves a readiness to embrace change (Section 5.4), which can include flexibility with regard to basic values, and this can cause confusion. One participant complains that whilst she is happy to be adaptable to new philosophies being brought in by new chief executives, it can be wearing after a while:

'If you go into the bathrooms there's stickers on the wall. There's something on my desktop this morning which again is new [...] And it's actually been done really well. No, it's good. And I don't actually feel negative about it at all. I just kind of, over the years, it's that kind of... you want it to stick at a leadership level, not just because of the top person that's in' (C9:177)

Constancy, then, is perhaps not something which was peculiar to old banking, but is something which comes to the fore in these conversations because of the backdrop of conflict between cultures.

### **The link to cardinal virtues**

In what ways does constancy relate to the cardinal Aristotelian virtues in the context of old banking? There is an obvious link to courage. In all these stories of constancy, acts of resistance required personal courage because they involved the individual in an unequal power struggle against the organisation, against an ascendant culture or against powerful others. Quite often the person resisting lost out materially, at least in

the short term. This then gives a quite different perspective on courage from the prudential view given above at Section 5.9. The difference is that the risk being taken here in the context of constancy is to one's own financial and material goods rather than one's customer's savings. What remains consistent between these two different manifestations of courage is that both are driven by a concern for the welfare of the customer, and both still concern the judging of risk.

Links to the other cardinal virtues also seem clear, at least in old banking. Constancy is only possible if one also possesses the virtue of justice; when P7 explains why he took the actions he did, he explains it straightforwardly in terms of justice – what was owed to his family and what was owed to his customers. This sense of justice is founded on a relationship of trust, often expressed as trustworthiness, and so it becomes clear that the relationship between justice and constancy also works the other way round. Justice is only possible if one also possesses the virtue of constancy, because on those occasions when the limits of justice are reached, constancy is required to remain true to one's obligations. Self-control is a pre-requisite of constancy, because in order to resist pressure applied, for instance through the threat of dismissal or demotion, one cannot be too attached to the rewards of pay, status or comfortable working conditions. Lastly, as with all the virtues, practical wisdom is required to know when and how constancy should be pursued. This is clear in all of these conversations – all of them weigh carefully their situation before taking action – and, in the case of P7, the affective nature of the operation of practical wisdom is clear; he acted as he did because he felt an acute sense of discomfort, not only because he worked out that he had an obligation to resist.

### **The rewards of constancy**

In these stories, resistance comes at a price, sometimes a very significant one. But constancy also has rewards. P1, for instance, eventually achieved a return to old banking by moving from a senior position in a large diversified international bank, to run a small local savings bank. In doing so he sacrificed some of the status and pay associated with the larger organisation, but was able to return to the standards of his practice. On the question of sales culture and target driven incentive schemes, he responds: '...we do not have a sales culture here at all. There's not one individual whose performance is judged on the basis of what they've sold during the year, never mind the past week' (C2: 36). This speaker appears to have achieved a rare peace of mind with regard to the internal standards of his own practice, but has only been able to do so by rejecting life in the mainstream banking sector.

Acts of resistance were often prompted by dissatisfaction with a target driven sales culture or other efforts to grow sales or reduce costs, but resistance was also prompted by other perceived moral issues, such as fair recruitment procedures (C7: 140). In the case of at least four members of the group, there was evidence of a long term pattern of resistance. This is not conveyed as a pattern of obstruction to change, and one of the bankers in question has a national reputation as an innovator of banking services; it is rather a pattern of observation of the limits of justice and adherence to those limits. There is a suggestion in these cases that some people go on to be serial resisters (C3: 63). Having once discovered that they can successfully resist the pressures of the organisation, they develop a habit of tenacity (C7: 140) which allows them to continue to challenge others when they see the limits to their own moral flexibility being approached.

### **5:13 Summary: tradition, practice and virtue**

Ten conversations were held with leaders in Scottish banking; each conversation contains many stories, and amounts to one overall story in its own right. One challenge for the researcher has been to make sense not only of the overall narrative of each conversation and its various sub-narratives, but to fashion a meta-narrative of the group as a whole. This has been attempted now in two ways, chronologically and thematically in Chapters 4 and 5 respectively.

The broad themes which have been used to interpret these narratives in the current chapter have been those of tradition, practice and virtue. To what extent has it helped to consider these themes and in this order?

To regard Scottish banking as a tradition serves to highlight some significant aspects of the narratives of these Scottish banking leaders, particularly from the perspective of moral enquiry. It allows us to ground their accounts of their own rationality in a distinct social structure, and it helps to show how that social structure embodied a correspondingly distinct mode of practical reasoning, which has been characterised here primarily in terms of 'old banking'. It also gives a framework within which we can begin to understand the conflicts in banking in Scotland as moral and social conflicts, rather than only in terms of market forces or economics.

What we find in the case of old banking as recalled in memory is a picture which is strongly in agreement with MacIntyre's characterisation of the idea of a tradition. Old banking, that is banking as it was experienced in the 1960s and 1970s and as it persisted to some degree through the 1980s, is shown in these narratives as a



coherent social structure which carried with it a basis for practical rationality. It was not a social structure complete in itself, but was dependent in turn on the structures of local communities in which banking occupies a physical place. Old banking was embodied in a way in which new banking is not; it depended on physical meetings of people, known for their roles in physical communities, rather than on mobile phones, ATMs and the internet. It was intimately connected with other social structures, particularly the Presbyterian Kirk and, when it comes to questions of moral standards, there is more talk in these conversations of the Kirk than of any financial regulator. The fabric of practical rationality on which Scottish banking depended for its own coherence was given physical form in the Chartered Banker Institute, and this was in old banking a specifically Scottish institution supporting a specifically Scottish tradition (C1: 2).

Once the historical narrative of banking in Scotland is given, the practice or practices which are in view can be understood in context. It becomes clear, for instance, that new banking, if it is a practice, is a very different kind of activity from old banking, and it becomes clear that old banking, which has many of the hallmarks of a practice, is now, if not extinct, at least marginalised in the contemporary finance sector. Viewing old banking as a practice, we are in a better position to understand the complex relationships between the profession of banking and the institutions amongst which it has moved. We are able to trace the history of the decline of that practice in the context of its tradition, complete with the structural changes which accompanied and to a large extent caused its decline.

Once old banking is viewed as a practice in the context of a tradition, then in turn the way that the virtues operate becomes clearer. It is possible to detect the characteristic pattern of virtues in old banking, and to trace changes in that pattern in response to circumstances and particularly in response to conflict; we can also better delineate and describe those virtues by contrasting old banking with new banking, which appears not to require some of them and which appears to value other qualities which are less recognisable as virtues in an Aristotelian sense.

On the basis of these narratives, we should then be in a position to explore the significance of the findings for moral enquiry. They give us a means not only of illuminating the moral lives of bankers on the basis of virtue ethics, but also of critiquing aspects of virtue ethics on the evidence of practice. This is the work of the next chapter.

## Chapter 6: Discussion

### 6.1 Introduction and voice

This chapter takes the themes of tradition, practice and virtue, which have been evidenced in Chapters 4 and 5, and discusses their significance from the perspective of Aristotelian and particularly MacIntyrean enquiry. It explores the applicability of these themes to the empirical data, asking how the empirical data affects our understanding of key ideas in MacIntyre's writing, and how those ideas can enhance our understanding of the moral narratives of this group of leaders in banking. It also considers a number of questions related to virtue ethics which are more generally Aristotelian, including the unity of the virtues and the relationship between virtues and skills. Finally this chapter considers the state of banking in Scotland as a practice, its apparent decline and its possible futures.

Sections 6.2 to 6.3 deal with the theme of tradition, exploring the boundaries of that concept in this context and bringing out the idea that two incompatible ideas of justice may be in view. Sections 6.5 to 6.7 discuss banking as a practice, including the question which was introduced in the previous chapter of whether banking is or was a practice in MacIntyre's sense of the word. Sections 6.8 and 6.9 discuss two challenging concepts in Aristotelian virtue ethics, the unity of the virtues, and the distinction between virtues and skills. Section 6.10 addresses the core research question: '*Is Scottish banking a corrupted practice?*', and 6.11 looks forward to the future direction of banking based on these discussions.

The chapter adopts a different voice on occasion from previous chapters, and reintroduces a first person perspective into the text where appropriate. This voice is adopted in order to make explicit the hermeneutic nature of the enquiry and to facilitate its expression. In part this is for clarity. Direct use of the first person avoids circumlocution and ambiguity. For instance: 'The researcher developed further questions x and y during the conversation. In the author's view this was because...' Becomes simply, 'I developed further questions x and y during the conversation, because...' It accommodates MacIntyre's understanding of a kind of tradition-constituted enquiry which makes clear the position of the enquirer. This first person voice is adopted where required from this point forward, in the singular where the author's perspective is made explicit, and in the plural where the perspective of author and reader together is intended in the procedure of the argument, as in the usage: 'If we follow this line of thought...'

## 6.2 How many traditions?

MacIntyre is interested in conflict within and between traditions, and this implies that such traditions are identifiable and plural (Kuna, 2005; Nicholas, 2012). *Tradition* in the sense that MacIntyre uses the word does not only denote the concept of one's background set of assumptions. It also denotes a social structure extended in time which has members and boundaries, which can be described and named, and which can stand over against other similar social structures (MacIntyre, 1988; MacIntyre, 1990). Traditions are explored by MacIntyre as fields of conflict, and the initial question of *Whose Justice? Which Rationality?* is framed in terms of conflict: 'How ought we to decide among the claims of rival and incompatible accounts of justice competing for our moral, social, and political allegiance'? (MacIntyre, 1988, p.2) Here MacIntyre explicitly chooses to discuss four large traditions of enquiry, represented as Aristotle, Aquinas, the Scottish Enlightenment and Liberalism. In doing so, he acknowledges that others could have been chosen, and while he attempts to clarify, through examples, what he means by traditions, he makes no attempt to define a set. The implication is that over the course of human history, there have been an indefinite (though not an infinite) number of such traditions.

Some questions then arise for the current thesis: In Scottish banking, are we looking at one tradition or more than one? If conflict has been detected between old banking and new banking is this a conflict within a tradition or between two traditions? Or is the conflict perhaps between some other traditions, between, for instance, a tradition of Scottish Presbyterianism ethics and free-market capitalism?

It is perhaps easier to deal with the last question first. There is clear evidence of conflicts between traditions or at least 'tradition-like' cultures in these narratives which are not confined to conflict between old and new banking. This is true in the case of conflict between the Kirk on the one hand and free-market forces on the other (C1: 14, C3: 63, C5: 99), and true of conflict between Scottish bankers compared to London-based 'red brace boys' (C3: 56, C8: 145 and 164, C5: 98-99). There is a useful way to position these further conflicts within this study. First, we can acknowledge that these conflicts are interesting and relevant, but not the focus of the study, and should therefore not be pursued as a substantive topic in their own right. Second, we can acknowledge that they are relevant to the question of the boundaries of the tradition or traditions of Scottish banking, and this is something discussed further below with regard, for instance, to the close connection between old banking and the Kirk, and the doubtful status of new banking as a tradition in its own right.

The specific question of whether new banking is a separate tradition from old banking then deserves a fuller exploration. There are reasons for thinking that old banking and new banking are voices within the same tradition. Scottish banking has been, and apparently still is, in a state of epistemological crisis, so we can expect to find that there are conflicts between its members and that these conflicts might either directly or indirectly concern the goods and purposes of the tradition. This is in fact what we do find. There are, for instance, competing notions of what makes for a good leader of a bank which in old banking includes being a banker (C1: 6-7, C2: 33, C3: 56 and 64, C4: 88) and which in new banking does not (C10: 205), and there are competing ideas of what makes for a rewarding career which old banking sees as specifically linked to one's place in a community (C2: 22-23, C3: 63, C5: 99 and C6: 124), and which new banking sees in terms of opportunities for personal development (C8: 165, C9: 173 and C10: 183).

However, there must come a point when conflict becomes so fundamental that it signifies conflict between traditions rather than conflict within a tradition. If one group rejects 'all or at least key parts of [the] fundamental agreements' (MacIntyre, 1988, p.12) of another group, one might surmise that two traditions are contending. Again, there are reasons for thinking that this point has been reached. It has been observed above that the virtues operate differently in old banking and new banking. Virtues such as patience, which were valued in old banking, are not valued in new banking, and new virtues, such as flexibility and authenticity come to the fore in new banking, which were not recognised as virtues in old banking, and which are arguably not recognisable as virtues in Aristotelian ethics.

It might then be argued that to have a different rank ordering of goods (for instance to value patience over flexibility or vice versa) might be in itself an insufficiently fundamental rejection of agreements, and that a more reliable touchstone is needed. A core thesis of *Whose Justice? Which Rationality?* is the idea that different traditions have different conceptions of justice. There is no suggestion here that in order to identify one tradition as different from another it is a defining requirement that one should identify competing versions of justice. However, if we can identify that such opposing versions of justice are assumed by different two groups, then it would seem a fair conclusion that more than one tradition is in fact in view.

### 6.3 Two versions of justice

Aristotle describes distributive justice as ‘that found in distributions of honour or money or the other things that have to be shared among members of the political community’ (NE, V.6), and he further describes that aspect of it which is voluntary, i.e. freely entered into, as being concerned with things like ‘selling, buying, lending at interest, pledging, lending without interest, depositing, and letting’ (NE, V.2). Does new banking approach such transactions in a radically different way from old banking?

#### Justice OB

It has been shown above (S5.9)<sup>27</sup> that old banking in Scotland had a particular understanding of justice as it operated in banking, and that this was based on other traditional ways of thinking learned in families, communities and Kirk. If the question is framed<sup>28</sup>, ‘What do I owe to whom?’ then old banking answers this with reference to the role of the banker in relation to the community and in relation most of all to the customer. Let us call this ‘Justice OB’. Justice OB falls into two main parts, related to the two roles of custodian of deposits and trusted advisor. In answer to the question, ‘What do I owe and to whom?’ Justice OB answers: ‘To the customer I owe the deposit entrusted to me together with the agreed interest on it, and to the community I owe trustworthy advice.’ This formulation separates out the duty to the customer as a custodian of deposits, which operates on a strict financial calculation – the banker owes at all times an exact amount to the depositor, neither more nor less – from the duty to the community as an advisor. Advice may be offered quite widely before someone becomes a customer in the sense of having some formal contract as for instance a borrower or depositor. This distinction is not intended to separate out the customer from the community; the link between banker and customer as members of the same community is crucial in old banking.

If Justice OB is a fair characterisation of the way the old banking understood things, and new banking flatly denies that characterisation, it would seem reasonable to conclude that two incompatible versions are in play. In Chapter 5, evidence has been given of this version of justice operating in old banking. New banking displays a very different version of justice, but this is perhaps less evident in the findings chapter, and

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<sup>27</sup> For brevity, internal references are given in this chapter as ‘S5.5’ if the topic has already been explored in Section 5.5 of the current thesis, or ‘C1: 14’ if further direct references to the primary data are intended.

<sup>28</sup> I have adapted an active form of this question from MacIntyre’s (1988, p.33) passive ‘*what is due to*’..., as in ‘formulas used to define justice: each person and each performance has to be accorded what is due to him or her and to it...’.

in order to show it clearly, it will be necessary to offer a short fictionalised narrative. This is in the interests of confidentiality<sup>29</sup>. The following narrative is based on the transcripts, but amalgamates a number of different actual stories told of different banks and different senior executives in order to protect anonymity:

Carrier Bank grew from being a national to a multinational concern over the space of twenty years. A large part of that growth was through the acquisition of other financial institutions, the modernisation of processes and technologies and the development of a competitive approach to developing and selling new products. Carrier Bank was spectacularly successful over this period of expansion, and its successive chief executives were treated by the UK government as heroes, until the financial crisis of 2007/8 caused the failure of this bank as it did or nearly did to several other major banks. When Carrier Bank did fail and was saved only by the government through the injection of public funds it carried on operating, but several failures of judgement at the most senior level became apparent. The bank's programme of corporate acquisition had become far too ambitious, its portfolio of loans was toxic, and it had mis-sold products systematically.

Taking this case, the first step is to observe that injustice became endemic to Carrier Bank if we use Justice OB as the basis for our judgement. Certainly mis-selling is an injustice with regard to the second requirement of Justice OB to offer trustworthy advice, but the first requirement of Justice OB, that the depositors' funds should be protected, has been breached on the grandest possible scale. Carrier Bank has used depositors' funds to engage in risky lending and even riskier acquisitions resulting in financial collapse. However, the question here is not just whether this is a case of unjust behaviour by an institution. A stronger argument is needed to show that an entirely different standard of justice is in operation. One needs to be able to show that some person or persons, for instance the leaders of the bank, were 'OB Unjust' habitually, and that they were acting in accordance with some alternative and conflicting version of justice which was culturally grounded. This cannot be just a case of rogue leadership unsupported by a tradition, and it cannot just be a question of technical failure. It needs to be shown that the leadership of Carrier Bank was acting in the characteristic mode of justice of new banking – let us call this 'Justice NB' – and that the enterprise they were engaged in was just from the perspective of Justice NB, and unjust from the perspective of Justice OB.

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<sup>29</sup> Research participants frequently refer to cases of business failure or ethical failure which have been prominent in the news and many which have not. Often the speakers had personal links to key figures in those cases. It is impossible to relate here an actual case without breach of confidentiality, so instead a (very short) fictionalised case is used, drawing from the conversations themselves and combining features of some of the different stories told.

## Justice NB

What then might the principles of Justice NB look like for a leader of Carrier Bank as it was before the crisis? In response to the basic question, 'What do I owe and to whom?' we could propose the answer: 'To the shareholders of Carrier Bank I owe profitability and growth.' This may be a crude formulation, but it is true to the portrait given in the conversations of the leadership of new banking, particularly in its later stages, which is characterised by an urgent drive for profits and an equally urgent drive for growth (S4.4). There is little of security or risk avoidance in this portrait and little of the language and assumptions of Justice OB. Further, there is every reason for thinking that these kinds of drive towards profits and growth were strongly approved by the culture in which this leadership found itself. Speakers on behalf of both old banking and new banking in the conversations are not slow to offer criticisms of specific leadership failures in the style of Carrier Bank (C1: 18, C9: 180). But they are also in agreement that the basic direction of travel of this kind of leadership was consistent with the culture of new banking which was orientated to rapid growth in sales and profits:

'Any kind of good business is a business that puts its customers first, because it's relying on these customers for its long term future and what we've seen in the banking world and other businesses too is, you know, that being put aside in the interests of shareholders primarily, but also in the interests of senior staff, given the bonus systems that operate. And so the long term interests of the business are really put aside in favour of the short term interests of the shareholders'. (C1: 17)

This orientation towards rapid growth and the risks that went with it was in turn consistent with the model of capitalism which had been encouraged on a society-wide basis and at a governmental level (C6: 121, C10: 204).

It seems, then, that the leadership of Carrier Bank was operating according to a different version of justice compared to Justice OB. Even if Justice NB as I have formulated it is not the best possible representation, whatever could plausibly be formulated in its place must also be radically different from Justice OB. Some further questions remain. Is Justice NB or some more accurate equivalent really a sign of a tradition identifiable as new banking – for instance, is it widely and reliably assumed as a fundamental agreement? Am I simply exaggerating: have I elevated to the status of a principle of justice something which is really just a difference in job role?

Distributive justice from an Aristotelian perspective 'consists of the application of a principle of desert to a variety of types of situation' (MacIntyre, 1988, p.106), and this includes the idea that different occupations may need to act in different ways in

applying the same principle of justice. So a music teacher may award praise to a school orchestra very differently from the way in which a critic awards praise to a professional orchestra, but the same underlying sense of justice may still operate. In order to show that Justice OB and Justice NB are genuinely two competing versions of justice, I need to show that they are operating on a different principle, not simply that they are different applications of something which could be a unified idea of justice at a more fundamental level.

It might be responded that neither of these systems (old banking or new banking) have any strong claims to justice. For instance old banking fails in respect of several modern liberal notions of justice with respect to equality of opportunity and openness of competition. However, two things need to be kept in mind. First, my purpose here is not to critique the standards of justice in old banking by the standards of liberal conceptions of justice (Rawls, 1999), but to show that more than one standard is in play in the primary data. Second, if old banking had continued to thrive and to develop as a tradition, it is a fair assumption that it would in any case have moved on as most other traditions have in the last fifty years, for instance with respect to gender equality. Traditional Scottish banking as it was in the 1960s would have been open to critique from the perspective of traditional Scottish banking as it might have been in 2013, had it not been displaced by new banking in the meantime.

### **Beyond the question of justice**

One possible way to proceed from this point would be to show how these two supposedly different versions of distributive justice answer to two different philosophical traditions. This would be reasonably straightforward in this case, and the two versions would fit quite readily with say a libertarian notion of justice on the one hand and a Kantian one on the other (Friedman, 1970; Pommerleau, 2014; Sandel 2010). Justice NB rests on the right of the firm to compete in a free market environment, while Justice OB rests on a categorical commitment to honour the promise made by the banker as custodian of deposits.

However, any attempt to formulate a distinctive idea of justice at a fundamental level in the context of MacIntyrean enquiry needs to take account of the close connection between justice and practical reasoning. A key contribution of *Whose Justice? Which Rationality?* is to show how fundamental conceptions of justice vary from tradition to tradition, and that these variations are inseparable from variations in practical rationality between those same traditions. Further, MacIntyre teaches us that traditions of rationality and justice are embodied in social structures (MacIntyre, 1987; MacIntyre, 1999b). So if we are to identify old banking and new banking as two traditions, it will



be a surer path to describe the whole picture, observing how these different components of each tradition fit together. In doing so, we can also stay closer to the primary data, without fear that the picture developed of each is being redesigned to fit one 'ism' or another, when the reality might be that Justice OB or Justice NB might be somewhat unique, not fitting wholly into a ready made category taken from elsewhere. Consequently, at this point, it will be helpful to drop the phraseology 'Justice OB, Justice NB' and speak simply of Tradition A and Tradition B.

Returning to the primary data, we can begin to characterise two different traditions in terms of justice, rationality and structures. As portrayed in Chapters 4 and 5, Tradition A is centred on justice in the relationship between banker and customer (S5.9). This is expressed directly in the obligations of the banker to return the depositor's funds and to give trustworthy advice (S5.9). These obligations are dependent on a particular and stable ranking of goods in physical political communities (S4.2, S6.2). These include the goods of professional knowledge and skills, earned respect and particular kinds of relationships in towns and cities (S5.7).

Tradition B is centred on justice as fair competition in a free market economy (S4.3). This is expressed in stories of freedom, adaptation, development and growth (S4.4, S5.11). These things are dependent on a ranking of goods in organisational structures (C8: 183). These include the goods of salary and status, competition and winning (C7: 134, C8: 156, C10: 200), together with team based relationships (C9 and C10 *passim*<sup>30</sup>). The key actors are the CEO and general manager against a background of complex and sometimes conflicting links between bank, global economy, stock market and regulator.

### **Schemes of tradition**

The above characterisations of two different traditions A and B clearly go far beyond the question of two different job roles, but they do explain how the different job roles of banker and general manager come to be so distinct, even when they may formally occupy the same organisational position (e.g. when a champion of new banking takes over from a champion of old banking as the most senior employee of a specific bank). This can be seen, for instance, in the question of entrepreneurial activity. In new banking, where there is recognition of the necessity of rapid adaptation and

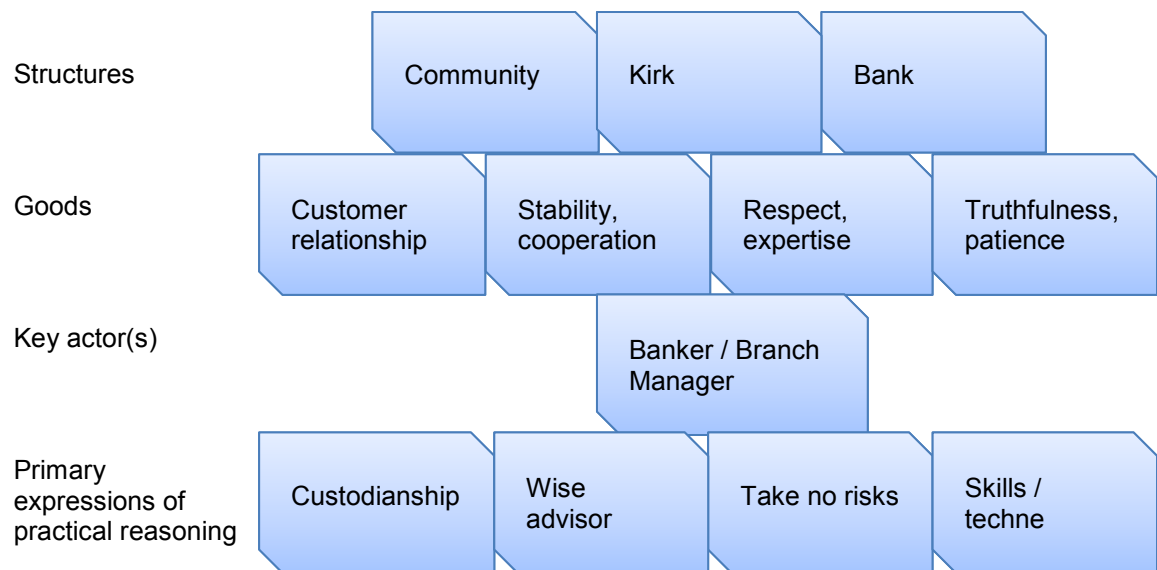
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<sup>30</sup> The two speakers who voice new banking most clearly use the word *team* 47 times between them, in comparison with the other eight speakers who only use the word 19 times altogether. By contrast, these two speakers only use the word *community* 4 times whereas the rest of the group use it 26 times.

competition in a free market, the entrepreneurial chief executive is welcomed and it is not the taking of risk in itself which attracts criticism, but failure. In old banking with its emphasis on stable cooperative structures, there was a place for entrepreneurial activity, but it belonged properly to the customer, and the idea of an entrepreneurial bank manager would have been simply an oxymoron.

We can even go so far as to schematise the typical elements of the two traditions, as shown below.

**Figure 4: Tradition A. Old Banking**



**Figure 5: Tradition B, New Banking**



In the above schematics the word ‘justice’ does not appear, and this is a result of the limitations of such representations. Justice in the sense of particular distributive justice lies behind each scheme in its different formulations relative to old banking and new banking and surfaces, for instance, in the different primary expressions of each scheme, and the different description of the key actor(s). Justice in its wider sense of ‘complete virtue in relation to another person’ (Aristotle, NE, V.1) is best seen here as appearing in the whole scheme; each scheme gives its own snapshot of how this wider sense of justice is founded in one tradition compared to the other. One might then wish to return to the question of whether justice in new banking appears as a libertarian one, but this would be a further enquiry beyond the remit of the current thesis. For current purposes it is enough simply to note that these are quite different models not only in respect of justice, but also in respect of practical reasoning and social structures.

#### **6.4 Tradition, boundaries and content**

The above argument is almost sufficient to show that old banking was a tradition as MacIntyre uses the term, though not a tradition of enquiry in its own right – almost but not quite. A key criterion for deciding that old banking was a tradition is not only that it is spoken of as such, and that it was structured as such, but also that it was handed on. The word *tradition* is rooted in the Latin word *tradere*, meaning to hand over; a tradition is something handed on (Oxford Dictionary of English, 2010). It is distinct in this respect from a culture (Schein, 1990) which may be handed on or not.<sup>31</sup> That old banking was a tradition handed on from one generation to the next is clear from McKinlay (2002), who traces banking in Scotland as a cultural phenomenon at least as far back as the establishment of the Scottish banking cartel in 1863 (the old ‘Agreement of Understandings’ (C1: 13)), which was itself a response to a previous banking crisis in 1857. The culture of Scottish banking at the end of the 19<sup>th</sup> century is vividly portrayed in a collection of cartoons in the archives of the Bank of Scotland. Robert Shirlaw, a clerk who joined the bank in 1899, produced hundreds of cartoons and hid them in ‘Ledger 99’. They ‘overwhelmingly depict the daily grind of the bank clerk and the management style of his superiors’ (McKinlay 2002, p.613). The portrait

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<sup>31</sup> The hippie culture of the 1960s, for instance, is identifiable as a culture but not a tradition, because by definition it did not persist into the 1970s. Even if it influenced later cultures, it was not handed on as a distinct culture. Blues and jazz, on the other hand, are arguably traditions in music, since they are handed on from one generation of musicians to another through teaching, playing together, recording and so on.

is distinctly unflattering to management, but still recognisably the same culture as the one evident in my conversations in 2013, with a core emphasis on morality, attention to detail, routine and stability. As McKinlay (2002, p.609) puts it: 'Maintaining the continuity and absolute clarity of banking procedures was morally cleansing.'

Two key questions arise in this context. If tradition is a handing on of something and old banking was a tradition, then who is handing on what? And is new banking really a tradition?

There is an assumption in MacIntyre's work that one tradition is composed broadly of one set of people, while any rival tradition would be composed of a different set. He sometimes refers to these groups as 'adherents of different traditions' (MacIntyre, 1990, p.151). The boundaries between traditions are porous, and this is important for MacIntyre's thinking, that some people should be able to migrate from one tradition to another and that some should live in a borderland between two traditions (MacIntyre, 1989). But such talk of moving across or living in borderlands rests on the assumption nevertheless of separate and broadly stable groups, and the idea of two distinct traditions only makes sense as long as the people migrating or the people living in the borderlands are in a sufficiently small minority. If there are too many migrants and border-dwellers, the distinction between Tradition A and Tradition B becomes too blurred.

Such a blurring of boundaries in terms of membership might be expected at a time when one tradition is defeated by another, and this is possibly what is being witnessed in Scottish banking. Of the group of ten participants in this research, only one appeared to speak unequivocally with the voice of old banking, and only one similarly with the voice of new banking. Most speak with an emphasis of one voice and an admixture of the other. In a qualitative study of a limited group such as this, no conclusions can be drawn about any wider membership, but we can say that in this small group at least, the boundaries are blurred but not obliterated. It is clear for the majority of the speakers where their loyalties lie – to Tradition A or to Tradition B – even if their reasoning sometimes borrows from the one or the other. P7, for instance, whose story of constancy (S5.12) leaves no room for doubt about his ultimate loyalties, is nevertheless capable of stepping into a sequence of reasoning which is very 'new banking', including praise for entrepreneurial chief executives (C7: 134).

### **The doubtful status of new banking**

Another key boundary is provided by time. Traditions have beginnings and endings. They 'begin in and from some condition of pure historical contingency, from the beliefs,

institutions and practices of some particular community...' (MacIntyre, 1988, p.354); and a tradition may end or radically change through being defeated, or 'in the splitting apart of a tradition or integration of what have hitherto been disparate or even hostile traditions' (MacIntyre, 1998d, p.107). There are signs that old banking may be ending as a tradition; certainly it has suffered a kind of hiatus in practice, as is evident from the overall chronological narrative. But it is too early to form a clear view of the fate of the tradition itself. At the same time as there are signs of decline and defeat in these conversations, there are also signs of resistance and tenacity. What is clear with old banking is that it has been a tradition and that its demise, if that is what is happening, is self-aware; the members of that tradition know that they are members and they are strongly aware that their own tradition has been losing a contest, perhaps fatally. With new banking it is not so clear. These research conversations may be witness to the birth of a new tradition, or equally, new banking as it is portrayed here might turn out to be short-lived.

Although new banking has been explored above *as if* it were a tradition in order to draw a boundary to old banking, it is not at all clear that new banking is a genuine tradition in the sense in which old banking appears to be. This is for two reasons. The first and weaker reason is the question of time. New banking is too young to be counted a tradition at this time, and in any case, within its brief history it has been radically disrupted on its own terms by the crisis of 2007/8. The second and stronger reason is that the culture of new banking is spoken of in these conversations primarily as a foreign invasion. External and global forces have been at work in the establishment of new banking, including the rise of the generic business manager, the western joint stock model, the red brace boys, the consultants, the City analysts and so on. If new banking is in any sense a tradition it is only part of a much larger one, which MacIntyre (2007, p.262) might describe as 'advanced capitalism'.

As an alien culture, new banking appears close to the enterprise culture of the 1980s described by Keat (1991), who highlights in it processes of structural reform to move institutions closer to commercial enterprise models, together with attendant enterprising qualities of individuals (including boldness, self-reliance and the willingness to take risks). This culture, developed actively in Britain by the Thatcher government, was advanced further under New Labour in the 1990s, with a large emphasis on the finance sector, rapid re-engineering of organisations and a prevailing interest in rising share prices, not simply profit (Rutherford, 2008).

The implication, which necessarily lies outside the scope of the current research, is that new banking is not a tradition at all but only a scion of a much larger socio-economic

phenomenon. From this point forward, there is therefore no further discussion in this thesis of new banking as a coherent tradition in its own right.

### **Coherence in the tradition of old banking**

Old banking by contrast was very clearly a tradition, and it was also reasonably clear who the inhabitants of that tradition were because membership was largely formalised by membership of the Chartered Institute.<sup>32</sup> If it is clear who was doing the handing on of the tradition, then what was the content of that tradition: what was being handed on? In the context of MacIntyrean traditions of enquiry, the answer in general terms is that what is handed over from one set of members to the next is a set of beliefs and assumptions, and a language in which to express them. MacIntyrean traditions of enquiry, we might say, are epistemological and linguistic in content. The same is not necessarily true, however, of traditions in a broader sense. Fly fishing, to take Nicholas' (2012) example, is a tradition carrying with it particular beliefs and assumptions about nature and the value of fishing in a certain way and a particular language that goes with it (Snyder 2007). But most of all, what is handed on in this case from one generation of fly fishers to the next is the practice of fly fishing.

This serves as a partial model for old banking. Old banking was a practice-bearing tradition (MacIntyre, 2007) (see the further discussion below at S6.7). However, this tradition did not only hand on a practice, it also handed on a number of other things including a social order and, of course, banks.

The diagram at Figure 4 above draws attention to a number of elements of Tradition A, though not the practice of banking, and we will need to return to this point. These include goods and structures which form a coherent set. The goods of old banking themselves are coherent in the sense that they reinforce and depend on one another. The virtues of old banking, including the cardinal virtues as understood in that tradition and those particular virtues of patience and truthfulness which are characteristic of it, form a set which fits with the central importance of the customer relationship, both in terms of custodianship of deposits and the provision of advice. In what ways do these elements of characteristic relationships and characteristic virtues cohere?

For Aristotle, friendship 'is a virtue or involves virtue, and is an absolute necessity of life' (NE, VIII.1), and he goes on in Book VIII of the *Nicomachean Ethics* to describe his

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<sup>32</sup> This is of course a broad approximation for neatness. It would be more accurate to say that the authority of the tradition was supplied by the core membership defined by the Institute. However, many others also played their part in the tradition, including large numbers of life-long bank workers who never made it to the exalted status of fully qualified banker.

understanding of the connection between friendship and virtue in detail. He regards business relationships as a form of friendship and regards the best kind of friendship as that between good people 'who are alike in their virtue' (NE, VIII.3). For traditional Scottish bankers, the customer relationship was valued in itself, and the characteristic virtues of old banking were there in part because they served that relationship. The operation of justice and courage, for instance, in old banking served to recognise and protect the interests of people who had entrusted their savings to the banker (S5.9). Other goods were part of the same coherent set: the provision of security of deposits or of advice to customers requires expertise (*techne*), and respect was awarded to the banker on the basis of the fulfilment of this relationship of trust (S4.2). These goods together with the goods of cooperation and stability were only possible in the context of the structures which support them, and those structures similarly worked together to provide a framework in which those goods made sense.

Coherence in this context was more than simply a theoretical consistency, it was practical, a self-supporting system which lent consistency to lives lived as a unity and in a context. An outstanding example of this is seen in P7's narrative of constancy shown above at 5.12. It is striking, for instance, that in constructing his own reasoning at a critical point in his own career, he appeals to two types of relationship (types of friendship in Aristotle's terminology), his relationship with his family, particularly his mother and his relationship with his customers. In both cases he appeals to a notional conversation which depends on the idea that virtue is supported by the relationship. Other speakers have similar ways of thinking, linking their practical reasoning through cohesive structures of family, school, Kirk or youth clubs, and customers are portrayed as situated within these communities. P6, the most senior executive in the group, makes judgements about customer care and the ethics of banking explicitly with reference to his mother (C6: 113-114); he views the customer relationship in the same frame as this family relationship, which gives him an ability to see customers as vulnerable others, rather than as resources in the marketplace.

We might then describe this kind of coherence as an enabling one, where the goods of the tradition form a consistent set alongside its structures, such that each reinforces the other. Cooperation is a vital component of this picture: the social structures and the individuals situated in them act in cooperation to enable the goods which they mutually value.

In this exploration of old banking as a tradition it has been suggested that it can be regarded as a tradition which handed on a practice, rather than one which handed on a form of enquiry. If this is so, then a number of questions deserve to be addressed in

some detail, questions such as what that practice was, whether it was recognisably a practice in the sense used by MacIntyre, what the implications of regarding it as such a practice are, and how a practice in this context fits with the idea of a tradition.

## **6.5 The claim that old banking was a practice**

Up to this point I have avoided tackling head-on the question of whether old banking as described in these conversations was a practice in MacIntyre's specialised sense of the term (S5.5). There have been good reasons for deferring the issue. Similar questions about other occupations, for instance teaching (Dunne, 2003) or managerial work (Beabout, 2012), have attracted heated debate, and it is not always clear what their practical outcome is. If traditional bankers think they were engaged in a practice, and they talk and act like they were engaged in a practice, then it is perhaps incumbent on the theorist not only to have very clear theoretical reasons why that claim should be rejected but also to have some good practical reasons, for instance: Does denying old banking as a practice explain anything significant regarding its history or help to understand its current state or possible futures? This section is an attempt to show that there is much to be gained by accepting that the practice-like talk of these bankers is indeed talk of a practice, and little to be gained by denying it. Once this discussion is in place, we can turn to the question of how practice and tradition relate to one another.

That the narratives of traditional bankers concern something practice-like should by now require no further argument, only a quick summary of the way in which such practice-like talk has already emerged in the findings of this research. Old banking was coherent, complex and cooperative in the sense that it required an identifiable group to develop and maintain a well-defined set of complex skills and knowledge, which worked together to meet similarly well-defined practical objectives such as the safe keeping of depositors' savings and the provision of good advice. Those who speak on its behalf are able to explain the goods of the practice, its standards of excellence and the way in which those standards were developed and pursued. They are able to articulate the school-like characteristics of their profession, the way that apprentices were socialised into that way of life, learning those standards of excellence which gave the profession its identity. Most persuasively, these traditional bankers are able to articulate the virtues of their profession. They even articulate them in Aristotelian ways, if in their own language, with clear understandings of the operation of justice and practical wisdom in traditional banking.



## Denying the practice

What good reasons then might there be for driving a wedge between this practice-like talk and the idea that old banking really was a practice? One possible reason might suggest itself because MacIntyre himself is hostile to capitalism and to the finance industry at large (MacIntyre, 1994b). Some, in a spirit of solidarity with MacIntyre, might find the idea of banking as a practice somehow abhorrent. This line of thinking is problematic in two ways.

First it raises the question of MacIntyre's reluctance in *After Virtue* to assert that there could be no such thing as an evil practice<sup>33</sup>. To reject banking as a practice on the basis that it is evil entails some severe judgements about the participants to these conversations, including denying that the internal goods which they describe really are goods. As MacIntyre (2007, p.196) puts it: 'my thesis has empirical content in another way; it does entail that without the virtues there could be a recognition only of what I have called external goods and not at all of internal goods in the context of practices'. Or, putting it another way, if we find good evidence of an appreciation of internal goods, then we have evidence also of the operation of the virtues.

Second, the kind of activities which MacIntyre berates in the financial sector at large are also the kind of activities which these traditional bankers berate. Both sides are appalled by the greed, the lack of truthfulness and the manipulation of others that characterise advanced capitalism in general and new banking in particular (MacIntyre, 1994b) (S4.4, C3: 55, C6: 124, C6: 127). We therefore need to be wary of lumping together the kind of traditional service provision described by these bankers with casino banking and programmes of mis-selling.

More technical reasons could be brought forward for denying that traditional Scottish banking was a practice. Perhaps it could be shown that it was really a pseudo-practice because, for instance, it lacked coherence. To argue each of these kinds of possible objection (that old banking was insufficiently coherent, insufficiently cooperative or complex and so on) would be an unhelpful detour here, and I cannot counter a

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<sup>33</sup> The question of whether a practice can be evil (MacIntyre, 2007) has caused some discussion, and Lutz (2004 and 2012) thinks that there are no such things as evil practices, partly because 'evil pseudo-practices cannot have internal goods'. Part of the problem here is in making a judgement that there are no internal goods to an activity over against the views of those involved in the activity. MacIntyre refutes the idea that money management can be a practice (MacIntyre, 1994b), but I argue here for an understanding of traditional banking in Scotland as a distinct activity from the kind of money management to which MacIntyre refers. There does not seem to be a similar question surrounding traditions. To take an extreme example, a religious tradition involving human sacrifice may be a bad tradition, but a tradition nonetheless.

potentially long list of arguments not yet made, but there is nevertheless an underlying objection to a broad feature of such arguments. All such arguments for old banking as a pseudo-practice rely on a denial of the common language claims of traditional bankers that they were part of a practice, and so the wedge that must be driven will be either between their claims and their understanding of what they are claiming, or between their claims and reality.

These traditional bankers claim in their own term of *profession*<sup>34</sup> (van de Ven, 2011) to have been part of a practice by articulating the practice-like features of old banking in detail and as a whole. One means of driving the wedge would be to argue that, when they are claiming standards of excellence and articulating these in terms of a coherent set of technical skills and virtues, they do not fully understand the nature of their claims: perhaps the goods that they claim or the coherence that they claim are not properly goods or not properly coherence. Such an argument is, I think, inherently implausible if we take seriously MacIntyre's idea that practical reasoning is indeed practice based, because such a notion of practical reasoning automatically privileges the practitioner. If a group of lifelong turnip planters<sup>35</sup> were to be found who could articulate their way of life as a practice, with all its complexity and its ranking of goods, its internal standards of excellence and arduous apprenticeships, then MacIntyre himself might need to recant his judgement of turnip planting as a non-practice, for the very good reason that those who are inside the practice are in a position to understand its goods in the way that those who are outside it are not. This is not to say that contestation of those goods is not possible from the perspective of some other practice or some other tradition, but it does imply that for an outsider to deny the claims of insiders that they are participating in a practice at all requires an appeal to the ways of life of those same insiders; their claims must be in some way self-negating.

The second place to drive a wedge is between their claims and reality. The argument would be that these people talk a good talk - a practice-like talk - but the reality of their

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<sup>34</sup> Their preferred usage is the word *profession*. When the word *practice* is used explicitly, this is in the context of the matrix management structures of new banking (C9: 168), and is in fact symptomatic of the fragmentation of the practice in a MacIntyrean sense.

<sup>35</sup> 'Planting turnips is not a practice; farming is' (MacIntyre, 2007, p.187). The point of this and other examples in the same passage is that turnip planting is a relatively simple component of a complex practice. Whilst recognising that there are limits to the concept of a practice, I think claims that this or that activity is in or out of the category should be approached with caution. Within the overall practice of farming, shepherding would seem to be quite acceptable as a practice, and if shepherding, then so swineherding. If swineherding, then also the raising and keeping of chickens and so on. My argument is just that outsiders need to be careful how they draw such lines contra the claims of insiders.

own history was quite different: they didn't really do the things they said they did, and the internal standards of excellence that they claim to have observed are a self-justifying fiction. This argument is a substantive one and needs to be taken seriously: it could indeed be the case that a core group of traditional bankers have been refashioning their history in a possibly unconscious programme of rehabilitating their own past, picking out occasional stories of virtuous behaviours and discarding those stories which show their professional lives to have been chaotic and competitive, without genuine goods, skills or virtues. However, to engage in such an argument or to counter it would be beyond the remit of this study, since it would require reference to a second set of counter-narratives or other reliable empirical evidence. As things stand there is only the evidence of these ten separate conversations, and these ten are consistent with each other. It should also be noted that although the practice of traditional banking in Scotland is largely a thing of the past and it is narrated in this thesis in the past tense, there are places where it survives, and one participant at least, P2, was speaking as the Chief Executive of a small savings bank where the practice was still alive as a community good (Smith 1999). 'We still cling onto that here' (C2: 36).

The above discussion is aimed at countering some possible reasons for wishing to deny the claims of old banking to be a practice. However, much the best argument for accepting old banking in Scotland as a practice is to see how it functioned as one, and this is the substance of the next section.

## **6.6 Old banking: internal goods, virtues and excellence**

In discussing how old banking was a practice, the interest at this point is not to describe how it fits MacIntyre's description of a practice; that task is already done at length in Chapter 5, which details the goods of old banking in a way which is readily comparable to a range of other more paradigmatic occupational practices such as fishing, sailing, soldiering, medicine, law, farming and so on. Rather the interest here is to ask how treating old banking as a MacIntyrean practice illuminates it. Does exploring it as a practice enable understandings of old banking which would otherwise not be available? To which the answer is yes, and there are immediately three features which are thrown into relief. Those who speak on behalf of old banking articulate the difference between the internal and external goods of the practice, they are able to understand the virtues which enable and are habituated by the practice, and they understand the difference in this context between excellence and effectiveness.

## **Internal goods**

The internal goods of the practice of old banking are clear in these conversations. They consist of a set of relationships and capabilities. The defining relationship of old banking is that between the banker and the customer, and this is expressed repeatedly by the participants in a number of different ways, particularly in response to the question, 'Why do banking?' This relationship only makes sense however in the context of the wider community of which both banker and customer are part, and it involves quite directly a number of virtues and skills.

The central and pre-eminent good of old banking is the customer relationship (S4.2, S5.7). It is used by these bankers not only to define their own practice, but also to delineate it from other activities with which it might be confused, such as investment banking. Investment bankers did not understand the customer relationship: 'They treat people completely differently. [...] The whole language to people is aggressive. [Traditional bankers] don't see a pound sign on that person, they see a person. And [investment bankers] just didn't get that' (C6: 126). Good customer relations are also available in other practices, such as baking or boat building, but this particular relationship, in which the customer bought nothing at all, but only came and entrusted the money to the banker on the basis of a promise that the banker would return it with interest when required, was a mode of relationship only available in banking or something very like it.

Technical skills and knowledge were also goods and were developed to serve the customer (S5.7). When challenged with a question like, 'What would be worthwhile about going into banking?' (C6: 142), those who are committed to old banking answer with reference to the customer relationship, including business customers and the enjoyment of enabling new businesses to grow (C6: 125). But it is also clear from their broader conversations that they derived enjoyment from the exercise of a number of capacities and skills which are specific to retail banking. These included an ability to maintain accurate systems (S5: 10), to understand complex financial problems (C8: 152-153), to innovate (C3: 49) and to make sound judgements (C3: 62).

Trust and respect in the community were internal goods which were the product of occupying a particular role in the community and acting in a trustworthy way (S4.2). This respect was earned partly through maintaining these relationships of trust and partly through the exercise of professional skill and knowledge (C7: 136).

All of these goods were internal in the sense that they were available in quite specific ways in the life of a traditional banker. They were unavailable in these particular ways

to other professions, and more poignantly, many of these goods subsequently became unavailable to the bankers themselves as their way of life was replaced by new banking.

### **The role of the virtues**

The goods of old banking included the exercise and habituation of certain virtues. In what sense are these goods which are either internal or external to the practice? At this point we encounter some apparent difficulties in MacIntyre's explanation of internal and external goods given in *After Virtue* (S2.4), and consideration of the case of old banking might help us to understand and perhaps to resolve them. MacIntyre offers a tentative definition of virtue as '*an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such goods*' (MacIntyre, 2007, p.191, italics in original). This implies that the virtues are not among the internal goods of the practice, but that they play a supporting role. Later on in *After Virtue* MacIntyre further develops his theme by locating the virtues as not only enabling the internal goods of practices, but also in enabling the good for a person's whole life, and not only enabling the good of individual persons, but also of the specific communities and traditions in which they find themselves.

This creates a framework for the relationship between virtues, practices and traditions, but meantime creates also the difficulty of deciding how they are placed relative to the internal or external goods of the practice. Virtues are spoken of here and elsewhere in *After Virtue* as enabling us to achieve goods internal to practices, but not as goods which are themselves internal to practices. Virtues are also a product of the achievement of the internal goods of the practice; 'practices are the schools of the virtues' (Knight 1998), but virtues are not spoken of as goods external to practices along with the usual examples of money, status, power and so on (Knight, 1998; MacIntyre, 2007) which also may be products of the achievement of the internal goods. This is not to say that virtues are somehow not located in MacIntyre's scheme – they are clearly located in complete human lives lived in political communities – but it does create some doubt about how they are located relative to practices.

One possible solution is to keep virtues conceptually separate from this notion of goods internal or external to practices, so that virtues are goods which are neither internal nor external to practices. MacIntyre (2007, p.196) seems to indicate something like this when he refers to virtues standing 'in a different relationship to external and to internal goods' (that they enable the latter, but not necessarily the former).

Another possible solution is to regard the virtues as related to practices both internally *and* externally, and this appears to work in the example of old banking.

### **The modal nature of virtues in a practice: particularity and insider perspective**

It is reasonably clear, in the case of old banking, how virtues are in a sense external to the practice. On the one hand virtues were required in order to achieve the internal goods of the practice and on the other were developed as a result of achieving those same internal goods.

In order to be able to flourish in the practice of banking and to achieve its characteristic goods such as good relationships with one's customers and the development and exercise of a complex set of skills and knowledge, entrants to old banking needed to come equipped with some core virtues and attendant qualities already established. They needed to be quick learners but also to have patience and self-control (S5:11). They needed to be good communicators and sociable (C8: 165) and also to understand the notions of trust in a business relationship (S4.2) and to show suitable humility in dealing with senior bankers (C2: 27)<sup>36</sup>.

Once embarked on a career in old banking, if apprentices made good progress, these qualities were enhanced and developed. For instance, patience was developed through a long apprenticeship and by adherence to admittedly tedious routines for manual record keeping (S5.11). Truthfulness was developed through painstaking attention to detail and the maintenance of accurate records (S5.10). Practical wisdom was developed in a number of respects related not only to financial prudence and the understanding of complex systems including economic cycles, but also to judgements of character and the trustworthiness of others (S5.9).

However, it also seems, from the evidence of these traditional Scottish bankers, that they valued some of these virtues as themselves goods internal to the practice.

MacIntyre is specific about what he means by goods 'internal to the practice':

'We call them internal for two reasons: first, as I have already suggested, because we can only specify them in terms of chess or some other game of that specific kind and by means of examples from such games (otherwise the meagreness of our vocabulary for speaking of such goods forces us into such devices as my own resort to writing of 'a certain highly particular kind of'); and secondly because they can only be identified and recognized by the experience of participating in the practice in question. Those who

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<sup>36</sup> 'He said to me on my first day there, he said, "Look, we've had graduates in here before and they've sat around and they've read the FT and they've sort of looked as if they're too important to make a cup of coffee for anybody sort of thing. So, just don't do that.'" (C2: 27)

lack the relevant experience are incompetent thereby as judges of internal goods.’ (MacIntyre, 2007, pp.188-189)

Let us call these the conditions of particularity (Smith, 2011) and insider perspective (Tinker and Armstrong, 2008). First, we find that the particularity of virtues to old banking is best understood as modal. Justice, for instance, is available as a good of many practices, but was only available in the particular mode of acting as custodian of deposits in the practice of old banking or something very like it. Courage understood as a virtually zero tolerance to risk was available in a very specific way in old banking, so much so that some practices which require a much higher tolerance of risk (horse riding, for instance, or mountaineering) might not recognise it as a virtue at all. The same is true of other virtues such as patience and truthfulness (S5.9-5.12). What was particular and internal to old banking was not the virtues as such, but the way in which those virtues were understood and practiced in that profession. This extends also to the Aristotelian idea of friendship, and in this context it is vital to understand with Aristotle how close the connection is between virtue and friendship. Traditional bankers valued the customer relationship as the foremost internal good of their practice, and that relationship was internal and modal in just the same sense as the virtues, relying on particular forms of promising and trust. Moreover this relationship, particular as it was in old banking, required and enabled the specific modes of the virtues which we have sketched out. It was specifically because the banker was entrusted with someone’s life savings on the basis of a promise to return them that the virtues of justice and courage applied in the practice of old banking in the particular way that they did.

Once the particularity of virtues and friendships to the practice is understood as modal in this way, then it is much easier to understand also the idea of insider perspective. On the basis of their perspective from inside the practice, participants in these research conversations make judgements on outsiders which are often negative because those outsiders did not share an understanding of the goods of the practice or did not behave according to such an understanding. This is true of investment bankers and generic business managers. Some leaders did not have a right attitude to risk (S5.9), or were impatient (C2: 32), or lacked wisdom, because they did not understand banking (C3: 56).

What is being judged here is not so much an individual’s lack of one virtue or another in some general sense (although those judgements also are made on occasion) but rather their lack of a particular mode of application of a virtue. The accusation that investment bankers don’t get the customer relationship is not intended to accuse them

of being incapable of forming friendships as such, only to say that this mode of friendship is not known to them. The idea that supermarket chief executives are not well-placed to lead banks is not to accuse them of a lack of wisdom as such, only to say that they lack the particular kind of practical wisdom required for old banking.

The conclusion to all this must be that the virtues occupy a somewhat peculiar space in respect of the goods of a practice. They are required in advance to some degree in order to achieve the internal goods of the practice and they are in turn developed as a result of progress in the practice, but they are also internal goods of the practice themselves,. When we return below to the question of the corruption of a practice, one feature of such corruption will be the way in which this virtuous circle breaks down.

### **External goods**

If this is a coherent account of the way that traditional bankers speak of the internal goods of their practice, do they also speak of external goods, and do they regard them as distinct?

One of the striking things about the narratives of traditional banking in Scotland is how closely they map to the contours of MacIntyre's account of the alignment of internal goods with practices and external goods with institutions, and the potential for conflict between them. Much of this runs explicitly throughout the conversations as the conflict between a service culture based on the internal goods of the customer relationship and justice, and a sales or bonus culture based on the external goods of institutional profit or personal wealth. These contrasts are so consistently evident in Chapter 4 (S4.3, S4.4) that there is no need to rehearse them at length here. All of those participants who have a clear understanding of old banking also have a clear understanding of the difference and the tension between the internal goods which define their profession and those external goods which might undermine them.

Perhaps one of the reasons that they can be so clear about the tension between internal and external goods is that their practice has in fact been undermined by just the process of institutional acquisitiveness which MacIntyre (2007) describes<sup>37</sup>. The institutions which were originally created to support the practice of old banking destroyed it in their pursuit of external goods. These bankers have seen this

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<sup>37</sup> '... institutions and practices characteristically form a single causal order in which the ideals and the creativity of the practice are always vulnerable to the acquisitiveness of the institution, in which the cooperative care for common goods of the practice is always vulnerable to the competitiveness of the institution' (MacIntyre, 2007, p.194), the full passage is quoted above at S 2.5.



happening at first hand, and in most cases have been directly involved in the process. Some appear to have actively resisted the pressure of their institutions, others appear to have participated in enabling new banking to replace old banking, and many have over the course of their careers done both at different times.

Clarity seems to have been available often only retrospectively, when particular goods or standards have already been lost: 'it would have been challenging - to articulate [the ethos and culture of banking] thirty years ago, because it's only now that you kind of realise that that was the way it was, because it changed so much in the meantime' (C2: 34).

### **Excellence and effectiveness**

Does this mean that they also understand the distinction between excellence and effectiveness (MacIntyre, 1988) in relation to their practice? The answer appears to be that they do, and that this distinction advanced in stages during their careers in response to various transformations in banking.

They understand excellence and effectiveness to have been unified in the heyday of old banking. In other words, traditional Scottish bankers look back to a time when banking was a practice in good order, and there was no discernible difference between doing well morally and doing well in banking. This unity was provided not only by the coherence of banking as a practice, but also by the coherence of the social structures of community and Kirk of which the bank was a part (S5.2, S5.5). This was a time when there was no obvious gap between the terms banking, banker and bank. It is only much later on that it makes sense for an outsider to ask difficult questions about the difference between *banker* in the sense of 'belongs to an identifiable profession' and *banker* in the sense of 'works for a bank' (C9: 174). In old banking, these were obviously one and the same thing.

They also understand that there came a time when excellence and effectiveness began to part company for reasons which were at the time beyond their control and to some degree beyond their ken. They understand that in the 1990s old banking was in crisis because the institutional forms which had served it well for many decades were failing. This was not a failure of excellence in the practice of old banking so much as a systemic failure of effectiveness inflicted by a competitive marketplace. It was known at the time that without institutional reform the banks would collapse by making repeated annual losses. Traditional bankers did not have the resources themselves within their own practice to deal with these crises and they turned to consultants and generic business management to reform their institutions. (C2: 29)

What then ensued was a period in which excellence and effectiveness parted company more radically. The structures and standards which supported excellence in old banking began to be dismantled and began to be replaced with other structures and standards, referred to by this group broadly as the sales culture or bonus culture.

In the same way as this division of standards became clearer to these participants as their own practice was eroded by the ascendancy of new banking, so the collapse in turn of new banking in the crisis of 2007/8 has allowed traditional bankers to come to a further understanding of the relationship between excellence and effectiveness. From their perspective after 2007/8, traditional bankers can not only see clearly how excellence and effectiveness parted company during the 1990s; they can also see how the short lived effectiveness of new banking was illusory. This theme is explored further below at S6.9.

One of the features of this which is of particular interest to MacIntyrean enquiry is that early in the history of this group the differences between excellence and effectiveness are not at all obvious and that they become more obvious over time. This prompts the thought that if we investigate a practice or some combination of practice and institution, we have access only to a partial perspective of its goods. To have a more rounded understanding, we need also to explore its relationship to the history of the tradition in which it is located.

## **6.7 Practice, tradition and social structures**

In *After Virtue*, MacIntyre gives a broad description of how he sees the relationship between practices and traditions. 'To enter into a practice is to enter into a relationship not only with its contemporary practitioners, but also with those who have preceded us in the practice' (MacIntyre, 2007, p.194). A practice is the achievement of a tradition. These traditions 'through which particular practices are transmitted and reshaped never exist in isolation [from] larger social traditions' (MacIntyre, 2007, p.221). Institutions are seen by MacIntyre as bearers of traditions as well as practices, and when they are working well those institutions are engaged in the kind of 'arguments about [...] goods' which also characterise traditions (MacIntyre, 2007, p.222).

In these passages MacIntyre articulates fully the nature of the relationship between institutions and practices. He is very clear, for instance, that although they form a single causal order, practices are not to be confused with institutions; there is no sense in which an institution can be an element of a practice. He does not so fully describe the relationship between institutions and traditions. In the following paragraphs I

attempt to elaborate this latter relationship, suggesting that an institution can in fact be an integral part of a tradition.<sup>38</sup>

For the purposes of the current discussion, I have taken the liberty of proposing a relationship between institution and tradition in a way which extends beyond what MacIntyre has set out in *After Virtue*. I have configured institutions as possible elements of traditions, because I have characterised tradition as something handed on. This does not of course exclude the idea that an institution should be the bearer of a tradition; very often institutions are created by traditions just for that purpose. However, it does mean that the relationship between institution and tradition is rather different from that between institution and practice. It means that institutions are often an integral element of the traditions which they bear. So, for instance, in the case of Christian churches, Moore (2011) can investigate the practices of faith and the institutions of the churches as related but discrete: practices are activities and institutions are structures. The same separation would not hold between tradition and institution; the institutions of any particular church are not only a means of handing on, they are also characterising elements of what is handed on. Inasmuch as traditions are socially embodied, they comprise not only activities (including practices), but also narratives, artefacts and social structures.

### **Two kinds of institution**

In the current research we have access to thick descriptions of the tradition of banking in Scotland, complete with narratives and social structures. Some of those structures are elements of that wider Scottish social tradition in which the lesser tradition of banking was located, and some are elements specifically of the tradition of banking. Core structures in Scottish banking included formal institutions of two main types, the banks themselves and the Chartered Banker Institute. The two have different functions and different histories.

The banks were set up specifically to conduct banking, and the practice of banking could not be conducted in their absence. The narratives of the decline of old banking are also narratives of the transformation and loss of those institutions. Scottish banks were not imported. They grew up in the eighteenth and early nineteenth centuries as a

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<sup>38</sup> This separation holds even where the practice concerned is 'the making and sustaining of forms of human community — and therefore of institutions' (MacIntyre, 2007, p.194). This distinction seems relatively straightforward if we consider practice as a kind of activity and institution as a kind of structure. My argument for the inclusion of institutions as potential elements of traditions depends partly on the idea that traditions, unlike practices, are not only activities, they also imply structures, including structures of authority as well as a range of wider social structures.

specifically Scottish phenomenon, objects of national pride for the Scots and admiration for other nations including the English (Munn, 1981). They were set up by the tradition, and the handing on of the banks from one generation of Scottish bankers to the next was a core part of what the tradition involved. Those banks came to be run in the late twentieth century by people who were not traditional bankers and often not Scottish. This not only threatened the integrity of the practice of banking; it also threatened that the banks would be lost to the tradition which had created them in the first place. And this does seem to be what happened. The mainstream banks became multinational diversified financial conglomerates, rather than banks in the traditional sense. In the course of this transformation, these large institutions transferred their allegiance to different overarching social structures, which were not Scottish but UK wide and global. Originally embedded in the social structures of Scottish cities and towns, communities and Kirk, the major Scottish banks are now embedded in the structures of international stock markets, institutional investors and industry regulators.

The Chartered Institute was founded in 1875 not to conduct the practice of banking, but to hand on the tradition through education and qualifications and socialisation: 'to encourage the highest standards of professionalism and conduct amongst [its] members in the public interest' (Chartered Banker Institute, 2014). A key part of what the Institute did was to define the core membership of the profession, and this was also to define the membership of the tradition. It was originally a specifically Scottish institution, but took on a UK wide remit with the arrival of deregulation and the abandonment of the separation of Scottish from English banking systems in the 1980s (C1: 2, C4: 86).

A number of views of the Institute are offered by several participants in these conversations, some of them critical. Since several of the participants are also closely connected with the Institute at a senior level, it is not possible to offer both sides of these views supported by detailed evidence from the primary data without breach of confidentiality. However, a brief summary of the arguments is still possible.

### **The Chartered Institute as a pivot point for the tradition**

Without mechanisms by which one generation can hand over to the next, a tradition cannot continue. This may account for some of the anxiety which is evident concerning qualifications and the Institute. Talk of 'lost generations' (C5: 95) and depleted cohorts (C8: 146), the proliferation of people who are not qualified bankers in management positions (C5: 97, C3: 72), and the feeling that there are few real bankers left (C6: 128, C8: 145) all convey a sense of anxiety about the continuation of the tradition of banking, and this sits behind the more obvious anxiety concerning the

image of the industry. The problem is not just that it is unclear how banking can recover, it is much worse than that: there is soon going to be no one around who will be capable of leading such a recovery because no one will understand how to conduct proper banking: the tradition will have died.

The great advantage of the Chartered Institute in the context of old banking was that it drew together leaders in Scottish banking for the purpose of maintaining professional standards; it acted as a pivot for the tradition. There was a general, unwritten agreement that attainment of the full Member's examination was a requirement in order to pass to senior levels of the profession. There was also an understanding that all the Scottish banks contributed to the upkeep and the governance of the Institute (C1: 1) and that they encouraged all potential future managers to take the Institute exams (C2: 45). Inclusion in this professional body through formal examination was what separated bankers from non-bankers, together with the informal processes of apprenticeship and experience. These delineations had a central place in identifying the profession.

This unanimity began to break up at the same time as the banks began restructuring in the 1990s. The assumption that all potential managers would be encouraged to gain the banking exams was abandoned, and the Institute lost the automatic support of senior bank leaders (C1: 4). This process went hand in hand with the abandonment of the assumption that senior bank leaders had to be bankers 'born and bred'. Numbers taking up the qualifications and attaining full membership fell away. There were internal tensions within the Institute over these changes, because the Institute was dependent on the banks for funding, which meant that structurally it was not in a strong position to take an independent line from the banks (C3: 72-73). Despite this structural tension, the Institute remains that body which more than any other seeks to uphold the traditional standards of banking, and it has been proactive in establishing a Professional Standards Board (Chartered Banker Institute, 2011a).

When we consider the possible futures for banking in Scotland below (S6.11), the Chartered Institute clearly has a central role to play. At this point it is worth noting some key differences between the way that the banks have changed compared to the Institute. What occurred with the banks was that the largest became larger or merged with other institutions to become fully 'new bank', operating on an international stage. A new breed of leaders, not of the tradition, took over key posts, and institutional structures changed so that as they are now these institutions are very clearly no longer part of the tradition of old banking in Scotland. The banks became to a large extent lost to the tradition. This in itself is, if not conclusive evidence of the end of the

tradition, at least a clear sign of its dramatic decline; a tradition of banking without banks to hand on would be a rather theoretical version of its previously practice-based form.

### **Grounding of the tradition in social goods**

If this idea is plausible, that a key part of what was handed on in the tradition of old banking in Scotland was its institutions, then it becomes somewhat clearer how the relationship between tradition and practice appears to work. The tradition handed on a particular practice of banking, together with the banks which supported the practice and the Institute which bore the tradition and upheld the standards of the practice. The Chartered Banker Institute became the central mechanism by which the standards of the practice and the formal learning on which they depended were handed on, whilst the banks provided the actual locus for the practice itself.

The tradition also provided other things for the practice through these processes. It provided a set of social goods (Gore, 1997<sup>39</sup>) which the practice pursued, and which were expressed in terms of relationships and virtues. These social goods did not spring fully formed out of the tradition itself, but were transmitted by the tradition of old banking from larger traditions of kirk and community. So the goods of cooperative business relationships, respect in the community, the preservation of wealth, honesty in business dealings, accuracy and justice and so on, were all dependent on the larger social structures from which the tradition of banking developed.

This leads to the observation that the practice itself could potentially vary quite markedly over time without loss of coherence so long as the tradition was intact and still linked to the wider tradition of which it was a part. For instance, new technologies such as computers capable of taking over and then making obsolete the manual clerking duties on which old banking depended necessarily changed the practice, but they were not enough in themselves to account for the radical shift from old to new banking. For that shift to occur, there had to be a more fundamental move away from the goods of the tradition on which the practice originally depended. This could have occurred in more than one way. One possibility is that the background social

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<sup>39</sup> Gore (1997) follows Charles Taylor's coining of the phrase 'irreducibly social goods' to mean those goods which cannot be reduced to individual ones. The distinction is helpful, but I intend here a weaker version of the idea of social goods, meaning those goods which imply and are founded on social structures, and which cannot be understood in their absence; but they can still be attributed to an individual, so long as that person remains located in his or her social setting. For instance, the good of respect in the community is social in this sense, and cannot be understood in the absence of the social setting in which it is bestowed, but it also rightly pertains to an individual in that setting.

structures of the political community in Scotland changed quite radically, with the result that the wider basis for the goods of the tradition of old banking no longer pertained, and the tradition itself gradually weakened. A second possibility is that the practice of banking was forcibly wrested from the control of the tradition; it didn't so much suffer an epistemological crisis as a crisis of property.

From the evidence of these conversations it appears likely that both of these things happened. Changes in the background of Scottish society weakened the basis on which the tradition depended, so that when an influx of new forms of the practice of banking entered the field in the 1980s and 1990s, old banking quite suddenly gave way, and the larger banks passed over to an entirely different tradition or culture. As well as using the terms *sales culture* and *bonus culture* some of the participants identify this new culture as a new form of capitalism, international and aggressively competitive (C1: 13, C5: 101, C8: 156).<sup>40</sup>

This picture may be arguable in its detail, but the overall point seems to be clear, that in old banking there was an intimate dependency between practice and tradition. Their goods were one and the same, and they depended in turn on the wider social tradition from which old banking developed. When this is understood, then a number of questions regarding virtues, goods and the corruption of the practice become easier to approach.

## **6.8 The unity of the virtues**

The idea of the unity of the virtues (S2.10) is often regarded as unworkable in practice from the viewpoint of moral psychology (Wolf, 2007) or from the point of view of common sense (Irwin, 1996). It is therefore of some interest to see it working quite well as an explanation of the thinking of these bankers. The idea that the virtues are dependent on one another operates in two ways in these research conversations. It gives coherence to the idea of traditional banking as good banking, and it provides an account of the decline of banking as a coherent practice leading to the collapse of the banks in 2007/8.

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<sup>40</sup> This view of the passage from old banking to new banking may give some comfort to those participants who have a sense of doubt about their own role in facilitating those changes in the practice, for instance by developing new technologies or new systems of credit control. Whilst it may appear that the introduction of new technologies and new systems were partly to blame for the transformation from old banking to new banking, they are not enough to account for the loss of the underlying goods which were championed by the tradition of old banking.

### **The connectedness of the virtues of old banking**

The scheme given above at Figure 4 provides an abbreviated picture of the virtues of old banking. We can restate these as follows. Old banking in Scotland had embodied a coherent set of virtues, which can be described in terms of the four cardinal virtues of justice, courage, self-control and practical wisdom, together with other closely related virtues such as patience and truthfulness. Truthfulness in turn had two components of accuracy and sincerity, each indispensable if truthfulness was to be attained. In the tradition of old banking, these virtues were founded on the wider social structures in which the tradition developed and on the more specific social structures of the practice, particularly the customer relationship. These social structures gave point to the goods of the practice, and the specific function of the practice in various communities made for a distinctive mode of application of the virtues, especially the cardinal virtues.

These virtues worked as a distinctive set which characterised and made possible the practice of old banking. Moreover, they worked together in a way which was connected and interdependent. Patience was essential for the kind of long apprenticeship necessary to learn the right attitude to risk and painstaking accuracy. Accuracy was essential for truthfulness, and truthfulness was essential for justice. Without practical wisdom, the systems for the safekeeping of depositors' funds and properly prudential arrangements for lending on those funds could not have been developed and maintained. Such practical wisdom was hard earned, a product of natural intellect, hard work and the acquisition of the right moral virtues combined with expert knowledge. The way that these virtues interdepend is an important element of what I have described above (S6.6) as the modal particularity of virtue in the practice of old banking. The way that practical wisdom directed the application of courage, for instance, in the life of the banker might be quite different from the way that it would direct the application of courage in the life of his customer if that person was the skipper of a fishing boat.

Viewed at the level of the practice, rather than the individual, the idea that these virtues were a coherent and connected set seems clear. The practice of old banking required not just some of these virtues operating, but all of them. That is not to say that an alternative practice is not conceivable (something more like new banking, say) in which a quite different set of virtues or quasi-virtues might operate, but what made old banking in Scotland what it was was exactly that set of virtues necessary for its full functioning. What gave those virtues their coherence was not only their connectedness, but also their ultimate point. They were directed towards goods which were defined by the tradition and its social structures of branch, customer and



colleagues, and beyond that by the wider social tradition and its structures of community, family and Kirk.

It might be objected here that this paints too bright a picture of a practice which was based on a form of capitalism, albeit an old one. The objection might run: What were the goods in question, really? Were they not simply the preservation of money in a sort of equilibrium that protected the interests of those who already had money? There seems nothing here of the creativity of practices as described by MacIntyre.

There are a number of responses to such an objection. First one would need to admit that the system of old banking was not perfect, and the participants to these research conversations do in fact voice its failings. 'And you have to say, "Well, was it wonderful when banking was a cartel, when most people didn't have access to banking?"' (C4: 84)<sup>41</sup>. But then one would also need to say that the imperfection of a practice does not disqualify it as a practice. It only means that it is a practice in need of improvement. Nor should we discount the validity of money and the preservation of money as a good. The idea of keeping someone else's money safe for them is not necessarily a more humble good than looking after their teeth or getting fish for them or making their shoes. The point is that the goods in question were defined by the social structures within which old banking arose, and we should not forget that the goods of the practice as these traditional bankers saw it extended far beyond the simple preservation of money. They included the customer relationship, the acquisition of expertise and the respect that attended the honest exercise of their profession.

### **Disintegration**

The way that the coherence of these virtues could disintegrate is clear in accounts of the decline of old banking and the crisis in new banking. Key leaders fell, and their banks with them, because of specific personal flaws, variously cited as arrogance, recklessness, or a lack of understanding of banking (C1: 19, C3: 54, C9: 180). Such failings of character or wisdom are generally seen by traditional bankers as the result of not having the right upbringing; bankers born and bred would not have made such mistakes.

One of the striking things about the accounts given of the decline of old banking by traditional bankers is the way that the loss of specific virtues is enough to bring down the whole structure. Patience is an excellent example (S5.11). The new banking

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<sup>41</sup> The reference is to a time when banks charged fees for current accounts and their services were mainly for higher income households.

leaders saw no need of patience themselves and they saw no need to encourage a system of long slow apprenticeship before the brightest young entrants were able to rise to managerial positions. In new banking, patience was, if not a vice, then at least a possible drawback when pursuing the more important qualities of speed and adaptability. The loss of this one virtue on a system wide basis was then enough to bring down the other virtues, because the necessary apprenticeship structures to develop them could no longer be maintained. Without the time served apprenticeship of old banking and its attendant qualifications, there was every opportunity for leaders to come to the fore in new banking who had not developed other necessary virtues, who were, for instance, reckless or unwise. Failures of practical wisdom, including a lack of understanding of the true value of the customer relationship, then led to systematic injustice, including mis-selling of products and, worst of all, a large scale failure of custodianship.

The above sketch shows how virtues formed a coherent set for the practice of old banking, and shows how they could unravel if key strands of that set were lost. The idea of the connectedness of the virtues therefore seems to make some sense in terms of this empiric evidence, at least at the level of the practice. It helps with another potential difficulty with Aristotelian virtue ethics which is the distinction between virtues and skills.

## **6.9 Virtues and skills**

This thesis is not intended to address the problems of separating out virtue from skill in Aristotelian theory, only to see how they relate in the context of the practice of old banking. A brief discussion of theory relating to virtue and skill is given at S2.10. For the purposes of the current section, the key distinctions between skills and virtues are that virtue engages the will (motive is integral to virtue in a way that it is not for skill) and that virtue is dispositional (virtue is a question of settled character where skill is not). I argue in this section for a third distinction, that skills are not unified in the same way that virtues are. I treat both virtue and skill here as forms of human capability, and I refer in this section to virtue on the one hand and technical capability or skill on the other.

### **Integration of virtues and skills in old banking**

When traditional bankers talk of old banking as a way of life, they tend to run skills and virtues together. A good example of this is the virtue of truthfulness, of which painstaking accuracy is an essential component. The kind of painstaking accuracy

required for truthfulness in old banking is clear in one banker's story of how he saved a banking division from further and potentially disastrous losses by diagnosing an accounting problem which no one else had been able to detect (C3: 57)(S5.11), a process which required the uncompromising pursuit of accuracy. In this context, there was no dividing line to be drawn between skill and virtue. This was partly because the overall unity of the practice required both skills and virtues. In the role of traditional bankers, the virtue of truthfulness itself was not possible without the corresponding technical capabilities which made accuracy possible. The same was true of practical wisdom and technical knowledge. Without a thoroughly grounded technical knowledge of the 'nuts and bolts' of banking (C2: 26), practical wisdom was not possible.

Is this apparent coherence more than just the coherence necessary for an organisation or group of organisations – banks in this case – to make progress? When MacIntyre (2007, p.193) writes of 'institutions and technical skills mobilized for a unified end', he is describing organisational activity which lacks a basis in a practice. However, if I am right in claiming that for these bankers old banking in Scotland was a practice, then I am committed also to the claim that there is a more fundamental teleology in play than simply the pursuit of organisational goals, and that this teleology is directly related to the good life for a human being and the internal goods of the practice<sup>42</sup>, over and above the goods of the institution.

These further claims are supported by the evidence of these conversations. As Chapters 4 and 5 of the current thesis make clear, the goods and ends of old banking were much more than any set of organisational goals. The internal goods of the practice are spoken of throughout these conversations (S5.7), and they are directly related to broader ideas of a good life lived in a community (S6.3). They were the goods of business relationships of cooperation and trust, based in community structures, combined with a clear sense of what good character meant and how this

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<sup>42</sup> MacIntyre's articulation of this in *After Virtue* is a little hard to pin down, when he says: 'What is distinctive in a practice is in part the way in which conceptions of the relevant goods and ends which the technical skills serve — and every practice does require the exercise of technical skills — are transformed and enriched by these extensions of human powers and by that regard for its own internal goods which are partially definitive of each particular practice or type of practice' (MacIntyre, 2007, p.193). I have taken him to mean that the goods and ends in view for a practice are qualitatively different from the ends and goods of the institution, and that the difference is partly a question of the *telos* of a human life (the extension of human powers) and partly a question of the pursuit of the internal goods of the practice. However, this interpretation does not save the passage from a degree of circularity which relies on the internal goods of the practice as a means of distinguishing practice from non-practice. This latter distinction is of little use in refuting, for instance, a generalist institutional manager who claims that the development of his or her organisation is an internal good of the practice of organisational management (Brewer, 1997).

was developed through old banking as a stable way of life. These claims are so much the clearer because the practice is reported as the focus of a tradition, and that tradition itself is spoken of as grounded in a wider social tradition. In other words, in the context of old banking, the unified goods and ends of both virtues and technical skills went far beyond the goals of any institution, to the pursuit of a comprehensive notion of a good life lived in community.

When the practice of old banking was in good order, technical capabilities and virtues were aligned and approved together. Good bankers were both knowledgeable and wise, skilled and honest, good with business and good with people. One leader is lauded as:

‘a terrific man, very clever fellow, and very much endowed with not just the traditional way of doing things but he wasn’t averse to change in any sense, but he wasn’t going to drive his bank along the road that it was subsequently driven, and he was clearly a highly respected man’ (C1: 7).

### **The division of the inheritance of old banking**

In *Whose Justice? Which Rationality?*, MacIntyre offers a narrative of the post-Homeric period in Athens, which he calls the division of the post-Homeric inheritance. He explains the goods of excellence with reference to ‘systematic activities’ which were represented in the Homeric and post-Homeric literature, activities such as ‘warfare and combat, seamanship; athletic and gymnastic activity; epic, lyric and dramatic poetry’. These activities provide concepts of the good and the best ‘towards which those who participate in [them] move’ (MacIntyre, 1988, pp. 30 and 31), which in turn provide an idea of the standards of excellence particular to them. The goods of effectiveness by contrast are the goods of winning: external rewards such as ‘riches, power, status and prestige’ (MacIntyre, 1988, pp. 32). Excellence may bring with it the goods of effectiveness also, but equally, winning by other means is always possible, so that the goods of effectiveness and excellence may diverge. In the post-Homeric inheritance, that tension between excellence and effectiveness which was latent and largely unacknowledged in the Homeric poems then became explicitly debated in Greek drama and philosophy.

A similar process seems to have occurred in banking in Scotland. In old banking as recalled by these research conversations, technical capabilities could certainly have been used to a bad end, and no doubt sometimes were, but there is no talk of it from these traditional bankers. In old banking as narrated here the tension between virtue and technical capability remains latent in just the same way as does the tension between excellence and effectiveness. However, in the conflict between old and new

banking, and most of all in the ascendancy of new banking, clear distinctions emerged between them. Increasingly sharp divisions occurred between what was required for institutional and career success, and what had previously been required by the standards of professional excellence (S4.3, S5.4, S5.7 and S5.8).

At this point, it also needs to be acknowledged that there are some resemblances between the kind of justice that MacIntyre describes in Homeric society and the kind of justice that I have described here in old banking. 'Thus, where the justice of cooperative effectiveness prevails, it will always be as if justice was the outcome of a contract, an episode of explicit negotiation' (MacIntyre, 1988, p.37). This raises the possibility that what I have here portrayed as a unity of conception between skills and virtues, effectiveness and excellence, may rather be what MacIntyre describes as a kind of indeterminacy of allegiance. Speaking of the goods of excellence compared to the goods of effectiveness, MacIntyre (1998, p.35) indicates a kind of social order in which 'not only was recognition accorded to both sets of goods, but it was often enough accorded in a way that left it indeterminate where the fundamental allegiance of those who inhabited that social order lay'.

We therefore face the question: Is the kind of unanimity between skills and virtues and between excellence and effectiveness apparent in old banking a feature of a well-ordered tradition working towards coherent goods of excellence, or is it rather a consequence of indeterminacy of allegiance? A satisfactory attempt to answer to this question would tell us much about the operation of financial justice in Scotland prior to the 1980s, particularly in relation to the conception of justice developed by the Church of Scotland and its influence on the Scottish banking system. However, it would require an extended argument well beyond the remit of this thesis. For current purposes and in the absence of such an argument, this thesis takes the position that, whatever the reality of Scottish society at the time (and exactly at *what* time would be a moot point), in the recollection of these bankers questions of allegiance were reasonably clear, and they included allegiance to the justice of Kirk, community and family, not just to the contractual justice of banking.

### **The separation of skills and virtues**

Even if virtues and skills were seen as aligned in old banking, there is no doubting the ability of these bankers to understand the difference between the two and to draw out the distinction when the practice began to fragment. The symptoms of this separation are multifaceted, but at the risk of over-simplifying the issues, there seem to be the following broad trends which emerged during the processes of conflict and decline. The originally unified skill set of old banking began to change and fragment, new skills

became necessary, old skills fell away, and fewer and fewer people had the required comprehensive understanding and experience of banking systems to run them successfully. Leaders in new banking lacked the practical wisdom essential to their positions. Sometimes this was because they did not have the required virtues of character despite having the technical capabilities (C2: 32), and sometimes this was because, whether they were of good character or not, they did not have the required technical understanding of banking (C3: 53). All failures of leadership at the most senior levels were failures in some respect to understand and pursue the goods and purposes of banking. Where leaders of old banking understood the goods and purposes of banking to be generated by the role of custodian of deposits and good adviser (S5.7), leaders of new banking pursued alternative and incompatible purposes of growth and acquisition which were generated by the role of corporate entrepreneur (S4.4).

As the skill sets required for new banking changed and the role of good advisor began to be replaced with the role of productive sales person, the virtues of old banking began to be increasingly differentiated from these new skills. For instance 'sales skills' (C7: 136) displaced a broader range of people skills, and this was a reorientation in skills which implied a rejection of the virtues involved in the customer relationships of old banking, viz. truthfulness, justice, practical wisdom. A key feature of practical wisdom in old banking had been not only the ability to judge risk, to create and maintain stable financial systems and so on, but also the ability to judge character. Trustworthiness in the customer relationship was a two way process (C3: 62), and one of the things that the revolution in computerised processing of creditworthiness achieved was to replace the exercise of judgement about another person's character with technical capabilities in numeracy and computing.

### **Virtues of conflict**

The fundamental basis of the virtues of old banking remained the same, even through these changes, because they served the traditional goods of the customer relationship and the standing of the banker in the community. But the exercise of those virtues changed in response to the conflict created by the ascendancy of new banking. Constancy emerged, not as a new virtue, but one which had been little needed until conflict arose (S5.12). With constancy, a demand for a form of courage also emerged which was very different from the need to avoid recklessness which was characteristic of old banking when in good order. However, these new features of virtue were directly consistent with the tradition. Constancy could only be exercised as a virtue in conjunction with practical wisdom, because without it there is no guarantee of good

purpose: what might have been an act of constancy becomes in the absence of wisdom simply an act of intransigence.

This theme of purposeful resistance is significant for an understanding of virtue as rational disposition (Beadle, 2014), compared to skill as a capacity (Beadle, 2011; Foot 2002). When traditional bankers recall their own paths of resistance to new banking, they do not only recall their acts they also discuss the purposes of those acts, justifying them frequently in terms of the customer relationship. In doing so, they rehearse for themselves and for their listener the goods and the structures of the tradition of old banking and its wider social context. So when explaining his motives for resistance, P7 is in conversation with both his family (C7: 139) and his customers (C7: 137). His notion of justice, and therefore the limits to flexibility set by it, is unified throughout these two spheres of social interaction, and grounded in the tradition of old banking. This is exactly the reverse of what MacIntyre terms compartmentalisation, in which different standards operate in different spheres of an agent's life (MacIntyre, 1999).

At the same time as this process of resistance occurred during the conflict between old and new banking, there was also a process of compliance. Senior bankers lent their technical competences to new banking and in doing so experienced tensions. They also experienced the fragmentation, or 'disaggregation' of what was originally a unified profession (C5: 103). People in banking became specialists in information technology, marketing, HR, communications or change management, rather than generalist bankers (C8: 164-165). Some who were not very committed to old banking in the first place took to new banking as offering a series of possibilities to develop first one skill set and then another (C9: 182).

### **Volition and unity as distinguishing features of virtues**

These themes of resistance and fragmentation illustrate two key differences between skills and virtues in respect of volition and unity (S2.10). The theme of resistance shows how virtues imply volition in a way that skills do not. If someone possesses a skill, they remain in possession of it even though on any particular occasion they may choose not to exercise it, but a virtue such as constancy clearly cannot be possessed if it is not exercised when called for. The theme of fragmentation illustrates how virtues operate as a complete set in a way that skills do not. Skills in marketing remain skills in marketing whether they are also linked to skills in information technology, and specific sets and sub-sets of skills and specialist knowledge can be developed, organised and deployed in the service of business goals. The same is not true of the virtues if the arguments for the connectedness of the virtues made by Aquinas and

Aristotle are accepted. Virtues which are fragmented or compartmentalised are no longer virtues.

To illustrate this latter point, we can use some of the evidence provided by these bankers to critique Williams on the virtue of truthfulness. Williams (2002) considers the virtue of truthfulness to be a combination of the virtues of accuracy and sincerity, and he is consistent in this usage, that sincerity and accuracy are themselves to be considered virtues. However, it is clear from the narratives of these bankers that accuracy appears virtue-like only when linked to the virtue of truthfulness by sincerity. So in P3's paradigmatic story of the importance of accuracy in rescuing a banking division (S5.10 and C3: 57), accuracy is pivotal to his vindication of the combined skills and virtues of old banking. However, this does not mean that accuracy could not be used to a bad end, even in old banking; it would be possible to exercise accuracy as a technical skill in order to commit fraud. Accuracy on its own, without sincerity, is still accuracy, but does not amount to a virtue.

#### **From virtue to skill: the loss of unity**

This observation would not be especially interesting if it only served to challenge Williams's usage of the word virtue here, but there are two implications of the distinction between virtue and skill here which are more substantive.

First, from the point of view of the empirical evidence, we can then further observe how qualities such as accuracy, which might have formerly been considered virtues in old banking as part of a unified pattern of virtues, separate out to become only a skill in the context of new banking. One leader, who is discussed by most of the participants as a very public symbol of the failure of new banking, is characterised as having an extraordinary intellectual capacity for grasping and retaining detail (C1:12, C5: 100); his capability with respect to accuracy is unquestioned. However, he is also characterised as arrogant and reckless (C9: 180 and S5.9). His character flaws and his lack of grounding in the goods of old banking meant that no degree of calculative intellect or technical skill was enough to save him and his bank from disaster. The final action of this Chief Executive which caused the collapse of his bank in the crisis of 2007/8 was the acquisition of a large overseas bank – the last in a long succession of ambitious takeovers – which turned out to have disastrous levels of toxic debt. The twist in this story is that this last acquisition was seen by many as a failure of due diligence (C1:



19)<sup>43</sup>, a failure, in fact, to ensure that a sufficient standard of accuracy was attained in the decision making process.

Second, from the point of view of virtue theory, this same story provides a good example of the theme of the unity of the virtues. Because this leader was reckless and arrogant, because he lacked virtues of character, he lacked also practical wisdom; he was not able to judge well the risks of the acquisition which was being considered. Because of his excessive drive to lead the largest bank - let us call this a lack of self-control - he failed to exercise proper attention to detail. In these circumstances, the extraordinary intellect of this Chief Executive proved fruitless because he lacked the required virtues of character to pursue wise ends. Likewise, because he lacked practical wisdom and was arrogant, he was not in a position to be able to either make himself or seek from others the necessary critique of his own character to be able to detect his own failings.

Of course this particular banking disaster was not solely the achievement of this one banking leader. Whilst he did bear direct responsibility in the accounts of these participants, it is also true that he was acting in a way consistent with a much wider pattern of behaviour, a culture of aggressive capitalism in which he had hitherto been spectacularly successful. Some flavour of this wider pattern and its disordering of goods emerges from a consideration of the question of the corruption of the practice of old banking.

## 6.10 Corruption of a practice

Section 5.8 poses the question of whether the process of corruption of the practice of banking, described there as breaking down or loss of goods and purposes, amounts also to moral corruption. First it might be helpful to say what is *not* intended here by the phrase 'moral corruption'. For *corruption* the Oxford Dictionary of English (2010) gives as usage 1, 'dishonest or fraudulent conduct by those in power, typically involving bribery'. It is not in this or similar common language senses that the phrase *moral corruption* is used here. Rather, the intention is to explore what the process of corruption might mean for a practice in the context of virtue ethics and more specifically as used by MacIntyre in *After Virtue*. There he refers to practices resisting (or not) 'the

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<sup>43</sup> One participant makes the point that full due diligence was impossible in the context of a hostile takeover (C6: 120), but of course the point remains that the Chief Executive in question had to judge in the first place the wisdom of a hostile takeover at this time, on this scale and so on. His judgement remains in question.

corrupting power of institutions' (MacIntyre, 2007, p.194). But it is not only practices which can be corrupted in the absence of virtue:

'The virtues find their point and purpose not only in sustaining those relationships necessary if the variety of goods internal to practices are to be achieved and not only in sustaining the form of an individual life in which that individual may seek out his or her good as the good of his or her whole life, but also in sustaining those traditions which provide both practices and individual lives with their necessary historical context. Lack of justice, lack of truthfulness, lack of courage, lack of the relevant intellectual virtues — these corrupt traditions, just as they do those institutions and practices which derive their life from the traditions of which they are the contemporary embodiments.' (MacIntyre, 2007, p.223)

### **The meaning of corruption**

Without overstating the case, we might perhaps say that insofar as it makes sense to talk about institutions and practices being part of a single causal order, it makes sense to speak of practices and institutions also forming a causal order together with traditions, at least in respect of the causes of moral corruption. We can say that any or all of these three elements can be subject to corruption and that the root cause of such corruption is vice or the lack of virtue. Further, we can say that the corrupting influence of vice on a practice, institution or tradition is an opposite movement from the influence of virtue which is to sustain their integrity (MacIntyre, 2007). This returns us to the original characterisation of corruption given at 5.8 as loss or breakage, and we can perhaps firm up here a notion of moral corruption in an institution, practice or tradition as *the loss of integrity of a social system such that the coherence between its goods and virtues is dissolved*.

If this description is anywhere near the mark, we can note several features. Integrity here pertains to a social system, applicable at the level of practices or traditions, but not at the level of the individual; a similar concept would also be applicable at the individual level, but we are not directly concerned with it here. For a system to lose integrity, it must have integrity in the first place. If a social activity has never had coherence of the relevant kind, then it cannot be corrupted: thieving might be an example, as indeed might shopping. But this requirement of coherence must be less strong than the requirement for something to count as a practice. The social convention of gift giving at Christmas can hardly count as a practice in MacIntyre's sense, but it still could have, or could have had at one time, coherence of the relevant kind, and it makes perfectly good sense to debate whether it is a convention which has been corrupted. Lastly, this idea of corruption places some weight on the idea of coherence between goods and virtues.

Is Scottish banking a corrupted practice in this sense? It seems patent from the argument so far that the integrity of goods and virtues which was apparent in old banking, as I have called it, has been lost. This is not only clear from the discussions above throughout Chapters 4, 5 and 6, but it is directly evident in the language of those participants most closely associated with old banking, who continually talk in terms of fragmentation and loss of skills (C5: 93), virtues (C3: 63), relationships (C5: 101), respect (C8: 144), qualifications (C1: 2), standards (C1: 5) and so on. More interesting questions arise once the fact of corruption is recognised, the first of which might be: What does it imply, to say that banking in Scotland is a corrupted practice?

### **Consequences and causes**

The implications in the case of Scottish banking are far reaching. The practice of old banking in Scotland has largely disappeared, or at least has been so marginalised that it is no longer a feature of mainstream high street and commercial banking in Scotland. The institutions have also changed radically, and it was institutional pressure which changed the practice, so that we have to consider the corruption of the practice and its institutions together with the tradition of banking in Scotland as elements of the same causal system. So we are presented with the question of the corruption not just of the practice but also of the tradition and its institutions.

What corruption implies in the case of banking in Scotland then becomes very clear, because the loss of integrity extended across the whole system. The larger banks in Scotland became larger again, either acquiring other banks, or merging or being themselves acquired, so that the allegiances of these banks were no longer to the tradition of Scottish banking, but to a new form of capitalism. 'The leaders of the banks became people who were looking after the western economy joint stock model' (C5: 101). This separation of banks and the leaders of banks from the tradition was perhaps the most fundamental disruption to coherence, and it implied loss of authority; the tradition lost authority over the banks, because the leaders of these new large diversified financial institutions were no longer traditional bankers. The practice itself became 'disaggregated' (C5: 103), as the overall competence of the generalist bank manager was split up into specialist skills sets (C8: 161) and redistributed within the bureaucracies of these new larger international institutions. Working environments were thereby created in which these specialised skills sets were regrouped into project teams and newly defined 'practice teams' (C9: 168) within matrix management structures provided by the organisation, rather than by the profession.

The participants in this research speak explicitly about a new and aggressive form of capitalism and its hostility to their profession (C1: 2, C8: 156) (S4.4). Keat (2008a and

2008b) diagnoses the problem of hostility to practices as one which is particularly characteristic of Anglo-American 'liberal' market economies (LMEs) and 'impatient capital', in contrast to 'coordinated' market economies and 'patient capital' which are more supportive of practices. He also acknowledges that rather than speaking of very broad categories of types of capitalism, it may be more helpful to speak of a particular type in a particular country in a particular period. The findings of the current research seem to corroborate some of this thinking. It is striking how quickly the character of the market for financial services in Scotland changed over the period 1980 to 2000, and how this had an immediate impact on old banking as a practice.

MacIntyre himself seems less interested in distinctions between forms of capitalism in this way. Whilst acknowledging that there are differences of economic and bureaucratic culture between Anglo-American capitalism and some European models, MacIntyre (2007, p.86) nevertheless believes that 'in every case the rise of managerial expertise would have to be the same central theme'. This also is true to the experience of the participants in this research, for whom the rise of the generalist manager was part and parcel of the same transformation.

### **Moral incoherence in new banking**

When new banking displaced old banking, it prioritised new goods, with quantitative targets for corporate growth, sales and profitability replacing the ends of social relationships valued by old banking (S4.3 and S4.4). Because these new goods were external goods (the goods of the institution rather than any practice), there was an automatic disruption to the coherence between goods and virtues. Many of the virtues of old banking such as truthfulness, patience and the ability to form stable customer relationships were no longer valued by new banking. Instead, qualities such as flexibility and ambition were required, and new skills were encouraged including the skills of selling and manipulation.

The breakdown of the coherence originally provided by old banking in this narrative seems very clear, but what also emerges is a bleak view of new banking, because it appears that new banking itself has no similar coherence of its own to offer. This view needs to be stated with a degree of caution, because no effort has been made in this research to seek a positive view of new banking, and the sample used for the research conversations has emphasised the voice of old banking. Nevertheless, at least from the perspective of these Scottish banking leaders, this lack of coherence is marked. Its symptoms in new banking include the following: the virtues of leadership were lacking, so that not only did individual leaders of new banking lack crucial virtues (S5.9) but the banking system itself encouraged the corresponding vices of recklessness (P10: 200),

greed (C3: 49) and dishonesty<sup>44</sup> (C2: 30); new quasi-virtues sprang up, qualities such as flexibility (C9: 177), speed (C10: 191), adaptability (C9: 184), authenticity (C10: 192) and charisma (C5: 100); and there was a deliberate move to distance the new banks from the tradition, both culturally and structurally (C1: 2, C3: 57). It is also worth noting the large fact that as an enterprise new banking proved itself to be incoherent by its own standards within a remarkably short space of time. It took less than twenty years for the new structures to be established, for their aims and objectives to become clear, and for the leading banks to destroy themselves. Their standards of success and failure were a matter not of human relationships but of metrics (C3: 49) – the metrics of corporate size and profitability – and by exactly those measures they failed catastrophically (C10: 203).

From the point of view of MacIntyrean enquiry, the heart of the problem is that, in new banking, there is a gap where the practice of banking should be. The coherence of old banking was achieved not just by an overall theory of banking or even by the pursuit of a practice, but by the integration of social structures, practice, institutions and tradition. So when the question is put in a range of different ways in these research conversations, 'What was it like to be a banker?', there is a unanimous response from all those who qualified as full members of the Chartered Institute under old banking<sup>45</sup>. The details and circumstances of their different stories vary, but the core picture that they paint of a coherent profession – which I have argued amounted to a practice – is the same; they are all able to articulate the goods, virtues, skills and structures of their working lives in ways which clearly convey that it is one profession which is being talked about.

This is not the case with new banking. New banking is characterised by a wide range of different skills and specialisms coordinated by general managerial control to work towards the goals of organisational effectiveness (C9: 168). Workers within this

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<sup>44</sup> It may seem a severe judgement to say that new banking encouraged dishonesty on a systematic basis, rather than simply saying that dishonesty was rife. This latter position might perhaps be argued in some cases of mis-selling, and one of the participants does argue in this way, suggesting that rampant mis-selling was somehow not a failure of senior bank leadership, but rather the fault of a broad swathe of middle managers acting in their own interests. However, even if that particular argument was to be believed, there are plenty of other practices in new banking which absolutely require the hiding of information in order to be successful. These include systems for the trading of securitised debt on a competitive basis where winning requires that one is able to outwit one's opponents, by knowing better than they do the nature of the risks contained in highly complex instruments or by calculating the odds more quickly than them (C6: 120, C8: 156).

<sup>45</sup> That is, eight out of the ten participants. One participant is not a banker by training, and one is not a full member of the Institute.

system may be drawn from a range of professions such as HR, legal, IT change management and so on (C9: 182), and including more than one profession under the banner of banking (C4: 83). This latter group of professions or profession-like activities include retail banking, investment banking, and a range of other finance related functions and sub-functions such as risk management, credit control and foreign exchange dealing, and extending into investment management, insurance, pensions management etc. There is no unifying practice at the heart of new banking.

We have now at least a partial answer to the question framed earlier (S2.9) in response to Annas (1989): 'To what extent did the institutions of banking in Scotland stand or fall with the coherence of the reasoning that the tradition of banking produced?' It seems in the case of banking in Scotland, the two stood and fell together and that this was a closely connected process in which rationality and the structures in which it was embodied affected each other. It is particularly the idea of traditions as socially embodied in practices, institutions and wider social structures which allows us to articulate these connections.

## **6.11 The future**

The primary concern of policy in Britain regarding the banking sector is the restoration of public trust in the system (Parliamentary Commission on Banking Standards, 2013; YouGov-Cambridge, 2013). What are the chances of re-establishing some central practice of banking in Scotland which could recapture at least some of the values of the tradition which has been described here? And is this kind of re-establishment something to aspire to?

If MacIntyre is right about the importance of practices and traditions in the pursuit of human goods and the corrupting power of institutions, then clearly some return to a core practice of banking is going to be needed if human powers to seek the good are to be realisable through the life of a banker. But MacIntyre's way of thinking about ethics is not everyone's, and this prompts a further question. Should the focus for developing stronger ethics in the banking sector be on the behaviour of institutions, or on banking as a way of life? In other words, there are two possible ways of thinking about repairing trust in banking. One is to focus on the banks, their structures, internal controls, ethos, objectives and so on. Another is to focus on banking and bankers as a professional way of life. These two of course are not incompatible, but MacIntyre would clearly have us prioritise the latter, since virtuous organisations are those which serve practices and traditions. It cannot work the other way round, since it is traditions

and practices which supply the expression of human goods and virtues, and it is those same goods and virtues which must in turn supply the goals and standards of the institution. Institutions are incapable of creating worthwhile goods and standards of their own, in the absence of traditions or practices which they serve.

### **The effort to restore trust**

The Chartered Banker Institute's flagship initiative to restore trust in banking is the Professional Standards Board established in December 2010, and the language of its pamphlet on commitment reflects closely the language of traditionalists in banking:

'Our customers, colleagues, regulators and shareholders rightly want to see a banking industry built on a solid foundation of ethical professionalism. They want to see banks and bankers supporting customers whilst lending responsibly, acting as trusted advisers to individuals and businesses, and playing a positive role in the community.' (Chartered Banker Institute, 2011b, p.1)

This emphasis on customers, responsible lending, the role of trusted advisor and a place in the community are all consistent with an effort by traditional bankers to reassert the goods of their practice. The intention here is unsurprising in the sense that there is still a close association between the group of traditional bankers who participated in the current research and those involved in the governance of the Institute. What is perhaps more surprising is that the intention has been effective in carrying through these commitments in the Professional Standards Board, since that body is populated not by those same traditional bankers, but by leaders in new banking, including, as a founding member, Antonio Horta-Osario, Group Chief Executive of Lloyds Banking Group (Chartered Banker Institute, 2011b). This is not to try to guess at the personal affiliation of these Board members to old or new banking, but to observe that, structurally speaking, they occupy senior leadership positions in large diversified international banks, i.e. new banking.

### **Barriers to restoring trust**

There is no doubting the intentions of the Chartered Institute to attempt to recapture the standards of professional life which once characterised banking in Scotland. However, there are structural barriers to that effort, which a MacIntyrean perspective makes clear.

The original standards of old banking were generated by a Scottish tradition, and this unique tradition is unrecoverable without a return to national boundaries which are now neither likely nor very obviously desirable. This is perhaps the least critical barrier, because there does seem to be a degree of cultural alignment between retail banking

traditions in Scotland, England and elsewhere in Europe, not least because models of Scottish banking were exported to England and other countries in the nineteenth century (Munn, 1981).

The idea of 'playing a positive role in the community' (Chartered Banker Institute, 2011b, p.1, quoted above) is clearly a worthwhile good, but raises the issue of what community is being talked about. It is clear from the evidence of these research conversations that the original community structures which gave rise to old banking are largely gone, and some participants are explicit that the community role of old banking cannot be recovered as a result (P5: 102-103). The word 'disaggregation' applied by one speaker to the fragmentation of skills is applied by another to the displacement of channels of direct communication with customers by on-line banking, ATMs and so on (C8: 163).

The new banks are so structured that they cannot be practice-led – in other words the the profession of banking as understood by traditional bankers is necessarily subordinated to the wider institutional goals of the banks. There seem to be two main reasons for this. First, a number of practices are vying for priority within the large diversified financial institutions which now dominate the banking sector, so much so that it is not only the public and the press who are confused about what the word 'banker' means, but also the people who work in the banks (C9: 174). Unless it is clear either which practice leads, or how the competing claims of various kinds of goods are to be resolved, there is no prospect of a solution to this problem. Second, there is no basis for resolving the competing claims of these various kinds of goods within current structures except with reference to the overarching goals of institutions operating in the global marketplace. The basis for ranking of goods in such organisations then automatically rests on the goods of effectiveness rather than the goods of excellence. The best that can be achieved by the virtues of any practice in such circumstances is the limitation of excess (Moore, 2012b).

The goals of such diversified financial institutions are defined by the interests of shareholders, not by the goods of any practice. Since there is no obvious prospect of banks being split once again into, for instance, retail banks and investment banks in the near future, and no appetite from the banks for such change (Browne, 2013), this seems to be the most significant barrier, and its implications for the future are discussed further below.



## **Possible futures**

Some possible futures, including a return to the pre-eminence of old banking as it was, complete with a functioning unity of purpose between tradition, practice and institution, are ruled out because the underlying social and organisational structures have changed to a degree which makes such a return impossible. Three main possible futures then appear to remain:

1. The profession of banking will re-assert itself, supported as a discrete practice by a dedicated professional body, but separately from the banks themselves. The term 'banker' will refer for this group to someone who possesses a given set of professional qualifications, skills and standards, regardless of what organisation they work for, and will not refer simply to anyone who works in a bank. This will require a clear separation of professions between retail and commercial banking on the one hand, and, say, investment banking (C10: 199), securities trading or hedge fund management on the other.
2. Retail banking will maintain itself as a marginal but still significant practice with its own network of institutions which are dedicated to the purpose of supporting the practice. This will maintain some unity between practice, tradition and institution, but at the price of ceding the centre ground of the financial marketplace to the large diversified institutions of new banking. Those customers who are sufficiently well informed and resourceful will be able to find their way through to this more restricted form of banking, but it will not form a universal service, it may not be free at the point of delivery (C6: 127), and it will always be at risk of disappearing altogether because it lacks a central authority with sufficient critical mass.
3. The goods and purposes of traditional banking will continue to occupy a place in the broader professional milieu of old banking, but the role of those goods and purposes will be to temper and limit the activities of organisations which are not dedicated to the ideals of that tradition. It therefore will always be fighting a defensive action, in potential or actual conflict with the organisational goals of the banks. To a degree this will be a continuation of the status quo, but with the very significant problem that as the memory of old banking fades, there will be no tradition to draw on and the goods and purposes of old banking will no longer have sufficient presence to meaningfully limit or influence the pursuit of the goals of the banks.

These possible futures are envisaged from the point of view of the practice and tradition of banking. Other possible futures are of course available from the point of

view of the banks. For an organisation such as Tesco's as a supermarket chain with some banking services, there can be no question of serving the goods of the practice of banking. From Tesco's perspective the best future might be for banking to be available as a specialised skills set, and for ethics in the organisation to be governed by other mechanisms entirely, such as mechanisms of corporate social responsibility which do not rely on any practice for their standards. Those standards in turn will not meet the requirements of coherence that MacIntyre articulates, because they will not be founded on a recognisable practice or practice-bearing tradition.

The three possible futures listed above do not amount to policy options, but can be used to reflect on practical implications for the effort to re-establish public trust in the banking sector. This question is pursued further in the final chapter. At this point it should be noted that possible future *no. 2* above may look like an admission of failure, but is perhaps closest to what MacIntyre would regard as a viable context in which to retain or recreate a practice. He is sufficiently pessimistic about the 'characteristics of mainstream economic and social order' to believe that 'institutions and practices which are successful in embodying such tradition-informed social relationships, flourish only among groups who are marginal and deviant—who live a life of failure—from the dominant standpoint of modernity' (MacIntyre, 1992, p.198).

## **6.12 Summary of the chapter**

This chapter has extended the themes of tradition, practice and virtue which arose in Chapters 4 and 5, and has reflected on both theory and practice in the light of those themes.

'Old banking' has been explored as a practice-bearing tradition with a coherent set of goods founded on wider social structures. The differences between old and new banking have been explored further, including a discussion of different conceptions of justice which appear to underlie these distinct ways of thinking about banking. A similar exercise has been conducted with regard to banking as a practice. It has been argued that old banking was a practice in MacIntyre's sense of that word in a way that new banking is not. Once this is accepted it helps to explain a number of features of old banking as a way of life; it also helps to explain how virtues operate in practices as unified sets and how they can be distinguished from skills.

The idea that banking is a corrupted practice has been explored and the possible implications of this for the future of the sector introduced.

# Chapter 7: Conclusion and contributions

## 7.1 Summary of the argument

This thesis has argued that the ethics of banking in Scotland have changed considerably over the last 30 years. Alasdair MacIntyre's moral philosophy has been used to provide a theoretical framework through which to explore this history as it was told in conversation by long-standing leaders in Scottish banking. A narrative has emerged of the decline of a distinctively Scottish tradition of banking orientated towards serving customers in their communities, and the ascendancy in its place of a new culture of international banking orientated towards corporate growth. In the course of articulating this narrative, a range of concepts in virtue ethics has emerged as significant, and MacIntyre's ideas of tradition and practice have been shown to be fruitful in understanding the stories of these bankers. The structure of the argument of the thesis is summarised below.

Chapter 1 gave the aims and objectives of the thesis, its context and rationale. The structure of the thesis was outlined.

Chapter 2 explained the reasons for basing this Aristotelian enquiry on MacIntyre's work. An overview of some of his most relevant and central ideas was provided, particularly with regard to practices, traditions and social structures. The chapter outlined MacIntyre's position as an Aristotelian and discussed some criticisms of his work by other Aristotelians. Finally the current state of empirical research in MacIntyrean enquiry was summarised, with particular attention to its relevance for banking.

Chapter 3 explained the epistemological justification for the research method used in the study. The relationship between Gadamer's hermeneutics and MacIntyre's tradition-constituted enquiry was explored and six principles of enquiry were proposed based on a reading of both philosophers:

- Tradition-constituted enquiry
- Moral enquiry as narrative
- Plain persons and moral philosophers
- The provisional status of claims to truth
- Prejudgement
- Conversation

Taken together, these six principles yielded a method of enquiry which is hermeneutic, narrative and tradition-constituted.

Chapters 4 and 5 gave the empirical findings of the research through two different kinds of narrative. Chapter 4 provided a chronological narrative of the recollections of the group given as far as possible in the language of the participants themselves, with a minimum of dependence on explicit theory. It began with recollections of banking before the impact of the deregulation of UK banking in the 1980s and charted the transition from traditional banking in Scotland – ‘old banking’ – to a new style of banking which developed in the 1990s, followed by the crisis in ‘new banking’. What emerged was a story of conflict and decline for old banking, and a brief period of rapid development in new banking before its partial collapse in 2007/8. The account of this conflict threw into relief the contrasting values and assumptions of these two cultures.

Chapter 5 provided a number of interpretive narratives of the same material, this time based on key themes of MacIntyre’s moral philosophy: tradition, practice and virtue. Old banking was shown as a coherent social structure which carried with it a basis for practical rationality, a structure which was itself part of the fabric of towns and cities including family, Kirk and school. Old banking emerged as a practice in MacIntyre’s sense of that word in a way that new banking did not. In old banking the internal goods of the practice were clear and were based on the central good of the customer relationship. The practice of old banking was shown to be located in a tradition; this gave it coherence in respect of the community structures which it served and the virtues required for the practice in that context. The virtues of old banking were described as particular applications of the cardinal virtues of courage, self-control, justice and practical wisdom, together with truthfulness, patience and, in the context of conflict, constancy.

Chapter 6 discussed the implications of viewing old banking as a practice-bearing tradition and compared this with the situation of new banking. This included the question of what sort of tradition was in view, its boundaries and its content. The topic of the corruption of the practice of old banking was explored together with the possible futures which appear to be available to the tradition. In the process of these discussions the empirical evidence of the research was used to explore and critique key elements of Aristotelian and MacIntyrean theory, such as the question of the unity of the virtues, the distinction between virtues and skills, and the relationship between the internal goods of a practice and the virtues.

The body of the current chapter, Chapter 7, reflects on contributions made by the thesis. These include the following proposals:

- Tradition can be considered the ground of MacIntyrean empirical enquiry;
- Gadamer's understanding of understanding can usefully complement MacIntyre's and vice versa;
- MacIntyre is vindicated as a constructive critic of the economic mainstream;
- With the decline of 'old banking' in Scotland, a morally coherent form of financial activity was lost;
- New banking appears to lack a central practice and is ill-equipped to regain public trust.

Finally, the limitations of this study are discussed together with indications for future research.

## **7.2 Scope of contributions**

This research project aimed to explore the moral narratives of Leaders in Scottish banking from the perspective of MacIntyre's Aristotelian philosophy. The objectives of the research included proposing practical contributions to policy concerning professional ethics in banking based on Aristotelian premises, and examining whether empirical findings may contribute to the development of MacIntyrean enquiry.

The research has followed the objective of contributing to policy debate concerning professional ethics in banking by bringing banking leaders into conversation with MacIntyre's moral philosophy. This process of bringing into conversation, based on Gadamer's hermeneutics, has been a distinctive feature of the research. Rich narratives were provided by the participants and MacIntyre's Aristotelian moral philosophy has been used to interpret these through themes of tradition, practice and virtue.

One of the benefits of this process is that the thesis has been able to disentangle the current structural forms of banking from the tradition of banking in Scotland, to show how the ethics of banking went wrong, and how the banking system in 2007/8 suffered a moral failure and not just a technical one. These contributions are outlined below in Sections 7.6 and 7.7. It then becomes possible to indicate some practical implications for ethics in banking, which are not simply more of the same kinds of solutions which

have already been tried through regulatory bodies, ethics committees or corporate social responsibility policies<sup>46</sup>. Section 7.8 explores these implications.

The research has followed the objective of contributing to the development of MacIntyrean enquiry by taking up MacIntyre's (2007, p.196) own challenge, that his kind of 'conceptual account has strong empirical implications; it provides an explanatory scheme which can be tested in particular cases.' In the current research project this 'testing' cannot be of a positivistic nature (Willis, 2007), but through the process of hermeneutic conversation which this research has used, his account can nevertheless be 'put to the question' (MacIntyre, 1988).

A more conventional word for this empirical process of questioning in an interpretive method is the term *exploration* (Hammersley, 2012). Exploration of MacIntyre's account means at least two things here. It means allowing his ideas to be challenged by the empirical data, and it means reflecting on the empirical data to better understand those ideas. This process of exploration has produced some clear results. It has confirmed much of MacIntyre's thinking on practices and the role of virtues in practices, at least in this research context, and it reinforces the importance of seeing practices in their wider context of traditions and social structures. It has opened up some new ways of thinking about MacIntyrean enquiry in the context of hermeneutics, and particularly in relation to Gadamer's thinking about tradition. And it has challenged some of MacIntyre's assumptions about banking and capitalism.

The following sections summarise the contributions of this research, first to the theoretical basis of MacIntyrean enquiry, and second to the practical policy context of ethics in the banking sector.

### **7.3 Tradition as the ground of MacIntyrean empirical enquiry**

Knight (2008a) shows how MacIntyre's thinking leads him to dig through the bedrock of practice to find a footing for the ultimate ends of human action in a naturalist account of human beings as embodied and rational animals. This represents a return to a form of metaphysical naturalism which he had rejected in *After Virtue*, but which then finds

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<sup>46</sup> Sotorrió and Sánchez (2008) list the Royal Bank of Scotland among the forty most reputable American and European firms for corporate social responsibility in 2003/4. My point here is not that such institutional systems of external control are unnecessary, only that they are insufficient, and that they need to work to support rather than to supplant practice-based systems of control which are internal to the profession.

detailed expression in *Dependent Rational Animals*.<sup>47</sup> However, one of the conclusions of the research process for the current thesis must be that for empirical research in social science<sup>48</sup>, tradition gives a more appropriate grounding for MacIntyrean empirical research than either practices or human metaphysical biology.

To claim in the context of empirical sociological research that tradition provides a ground for empirical enquiry could be interpreted as a larger claim than is intended. I do not mean here that there is no reality worth seeking beyond tradition, or that traditions rather than practices or institutions are the only legitimate objects of such enquiry, only that we cannot fully understand such phenomena as practices and institutions unless we also have some idea of the traditions in which they arise. More specifically, we should be mindful that if we are looking for the rationality (in an Aristotelian and MacIntyrean sense) of a practice, then it is to the tradition of which some current practice is an instantiation that we should look. If MacIntyre (1998 and 1990) is right, there is no ground for the rationality of a practice except in some tradition.

Practices remain a fruitful focus for empirical enquiry (and so it has been with the current research), but if we are seeking narrative accounts of a practice, some of those narratives should shed light on the tradition, answering questions such as ‘How did you learn this?’, ‘Who taught you?’ ‘How did this practice develop?’ Practices can expand and develop the goods of traditions, but any observable practice at any given time is always dependent on some tradition for its conception of goods. In other words, the internal goods of a practice do not spring into being within the context of practice, without being adaptations of or subsets of the goods of a tradition. If we were to

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<sup>47</sup> There is discussion of this at S2.4. Naturalism as understood here challenges standard versions of fact-value distinction (Jacobs, 2014). As Geach (1977, p.17) puts it, ‘Men need virtues as bees need stings’. Within two years of each other, Foot (2001) in *Natural Goodness* and MacIntyre (1999) in *Dependent Rational Animals* returned to the basic question of why human beings need the virtues from a naturalistic standpoint.

<sup>48</sup> Following a fruitful discussion with Kelvin Knight, for which I am grateful, I need to clarify here that I am only discussing the limits of empirical enquiry in social science, not the wider context of philosophical enquiry. When I say that tradition provides a ground for empirical research, I hope this is not inconsistent with accepting human nature as a legitimate goal for moral enquiry. The key difference is one of procedure appropriate to content. An individual researcher in social science might reasonably expect to be able to identify and describe a tradition through empirical enquiry; this is a descriptive enquiry within defined limits. Normative enquiry, on the other hand, is a matter of shared deliberation (MacIntyre, 2009), and a reasonable goal of such deliberation might well be an answer to the question, ‘What sort of animals are we, and what is our characteristic good?’ These two kinds of enquiry are closely interdependent in an Aristotelian scheme, and one link is that the empirical enquiry attempts to provide information to support the normative one.

encounter goods internal to a practice which we could in no way relate to a tradition, we would again have to doubt the rationality of those goods.

So, this thesis claims that our thinking in empirical research should not stop at the level of practice or institution but should be mindful of the deeper level of tradition on which they rest. Claiming that this level of tradition forms a ground for such enquiry has a further consequence for the role of metaphysical biology; in effect it rules it out as a direct object of empirical research. In MacIntyre's later thinking, the rationalities of traditions are answerable to the condition of human beings as rational animals, so we are justified in trying to decide between two rival traditions on the basis of their rival claims about human nature. However, we have no means of direct appeal to the condition of human nature in sociological research, because human nature is not directly observable. Rather it is through observation of traditions and practices that we begin to understand the human condition. When we collect narratives of ways of life in MacIntyrean empirical enquiry, we do not collect scientific data regarding metaphysical biology, we collect histories of practices and traditions which allow us to understand the notions of human goods as handed on by them.

The current thesis demonstrates the value of focusing on traditions in MacIntyrean empirical enquiry. This is not instead of exploring questions of practice, but in addition. It opens up for further debate the idea of practice-bearing traditions and argues that these are valuable in achieving an understanding of practices, and indispensable in understanding any coherent way of life. It shifts the MacIntyrean lens to look not only at tension between practice and institution, but also at conflict within and between traditions, and explores the question of what elements make up traditions as observable phenomena.

#### **7.4 MacIntyre and Gadamer**

This thesis considers MacIntyre's thinking on tradition alongside Gadamer's, and finds that they provide two complementary accounts of understanding as movement towards truth. MacIntyre emphasises a movement through conflict within and between traditions, and his language is predominantly of rivalry and confrontation, victory and defeat. The narratives of *After Virtue*, *Whose Justice? Which Rationality?*, and *Three Rival Versions* are all in this mode. Gadamer, on the other hand, emphasises a movement through agreement. One of his key innovations is to reconfigure 'understanding' (*verstehen*) as coming to an understanding with another, reaching



agreement (Grondin, 2002), and this gives rise to his ideas of conversation and the fusion of horizons.

Taken together, these two movements show how criticism of traditions is possible and how resolutions can be made in progress towards truth, so that, in MacIntyre's phrasing, greater adequacy of mind to its objects can be achieved. In the context of this thesis, this dual movement is applied to empirical research, emphasising Gadamer's movement towards agreement in the initial gathering of data and allowing MacIntyre's emphasis on conflict to emerge in analysis. The principal contribution here is not so much an exploration of how the different epistemologies of these two philosophers agree or disagree (some work has been done on this already by Machura (2007)) but rather a demonstration in practice of the way that these two movements towards conflict and towards agreement can be brought together in the development of empirical research. In this respect the current research breaks new ground.

Gadamer's ideas of genuine conversation and fusion of horizons as processes of coming to an understanding have been used in this research to justify and to design a method of data gathering which is explicitly hermeneutic and which consciously uses Gadamer's articulation of conversation as a method of engaging with participants. This process has been successful in generating some rich data, and has allowed a degree of interaction with each participant which would not have been possible on some conventional models of interview technique such as semi-structured interviews (Bloom and Crabtree, 2006). This has been consistent with MacIntyre's emphasis on the place of the researcher (MacIntyre, 1990), and my own position as a researcher in a particular tradition is explicit in the conversations. The pursuit of Gadamer's notion of conversation also extends beyond the natural conversations between researcher and participant to the process of analysis. In analysing the data, a process of hermeneutic conversation has been followed, allowing for successive cycles of interpretation at a range of different levels, as the researcher is first brought in to conversation with texts in the academic literature, then with interview transcripts as texts, then again with further literature and so on. This process has been exhaustive and has included the completion of a detailed interpretive commentary on each transcript which preceded the writing of the thesis (see Appendix 3).

MacIntyre's approach to tradition as focused on conflict and contest (a stance which would have been unhelpful in conducting interviews) has then come to the foreground in the presentation of findings. In particular, the researcher has been interested in stories of conflict and has used MacIntyre's understanding of tension in the practice-institution combination and conflict within and between traditions as a framework for

reading the narratives presented by the participants and in turn presenting the findings as narratives of conflict. MacIntyre's thinking has been particularly influential in helping to understand what these conflicts are about, because it poses key questions for the researcher to follow, questions concerning what goods are in dispute or what pressures conflict with which virtues.

This combination of Gadamer's thinking on tradition with MacIntyre's has proven productive, yielding a rich data set and a coherent and fruitful means of interpreting that data.

## **7.5 The usefulness of MacIntyre and some challenges**

MacIntyre's philosophy has been shown to have explanatory power in understanding the causes of the banking crisis as a moral rather than only a technical problem. It helps to explain some of the reasons why managerialism – the rise of the professional manager as an expert in generic business systems applicable to any domain<sup>49</sup> – was so disastrous in the case of banking. It explains how ethics and practical decision making were linked or unlinked at the most senior leadership levels. It clarifies the way in which one system of ethics in banking was overthrown and replaced by something much less adequate. It offers a diagnosis of why ethics in banking have continued to fail under current structures, and offers a constructive commentary on current policy issues.

This explanatory power is not in itself a new discovery. Several other researchers have found a similar applicability (Beadle, 2013; Moore 2012; Kempster, Jackson and Conroy, 2011). What is perhaps new about this research is the remarkable degree to which many of the participants spoke in MacIntyrean ways, particularly with regard to tradition. It is important to recall that the researcher did not embark on the research by asking the participants about tradition, but rather by asking about their careers. It was the first participant who raised the topic and it became thereafter a recurring theme of the conversations. What the participants then did for the most part was narrate the decline of their own tradition.

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49 Hopper and Hopper (2007, p.133) trace the origins of the financial collapse of 2007/8 to the 'Cult of the (so-called) Expert', the rise of professional managers who were free of any real expertise in specific occupations or business sectors. They do not refer to MacIntyre, yet their description of generic, domain-free management as a form of illusionary pseudo-science is remarkably close to MacIntyre's in *After Virtue*.

Where talk of the tradition of old banking is strongest in the primary data, so is talk of virtues and the goods of excellence. This research has involved bringing MacIntyre's philosophy into conversation with bankers' stories of their working lives, and the language used by each side of those conversations is often different. Where one side speaks of *practice* and *institution* or *practical wisdom* and *justice*, the other side speaks of *profession* and *bank* or *good sense* and *good advice*. However, there is also a remarkable consonance in speech between the two sides, certainly more so than I as the researcher had assumed before engaging in these conversations (Appendix 3). Both sides speak of the importance of community structures, family life and the church in forming moral judgements, both sides use the language of virtues to describe what it means to live a good life, and both see a close connection between the virtues and practical outcomes. For all the bankers in these conversations, the collapse of banking in 2007/8 is a morality tale, and the moral of that story is shaped mostly in MacIntyrean terms around the disintegration of virtues, practice and tradition, to a lesser degree in Kantian terms concerning the breaking of moral rules, and very little in terms of consequentialist thinking, except occasionally to defend some of the activity that was responsible for the collapse (C7: 134).

One of the signs that MacIntyre's philosophy genuinely engages with the narratives of these bankers, is that it is also challenged by them in places. One area of challenge is with the idea of banking itself. MacIntyre (1994) is hostile to modern banking partly because it embodies much that is wrong with capitalism and partly because it depends on trading systems that have no place for the virtues (Cornwell, 2010). The participants in these research conversations offer a challenge to this very broad ranging criticism, whilst supporting some aspects of it. Many of these bankers see themselves as the victims of a new and virulent form of capitalism which combined with new forms of entrepreneurial leadership to destroy their profession.

Some support emerges from these conversations for the view that MacIntyre's hostility to the banking sector is too simplistic and too extreme. However, against this, we would also need to point out that MacIntyre has for many years been writing as a critic of a particular form of capitalism in 'advanced countries' (MacIntyre, 2007, p.34), and the role of the manager as he has seen it developing in the United States. Scottish bankers were, on their own admission, in something of a protected enclave, which did not feel the full force of international banking and the 'western economy joint stock model' (C5: 101) until the 1990s. MacIntyre in this sense has acted as a predictor of decline. If Scottish banking was a coherent practice-bearing tradition up until the

1980s then it fell victim to exactly those forces of advanced modernity that he has articulated.

## **7.6 Ethics in the tradition of Scottish banking**

MacIntyre's understanding of practices and traditions, and the goods and virtues which they may support, has enabled an understanding of the recent history of the ethics of Scottish banking which is detailed and thoroughgoing. The picture which emerges is of a practice-bearing tradition which was rooted in community structures and which had its own coherent set of goods and virtues which characterised Scottish banking as a particular way of life. Those goods included a set of human relationships based in community structures and centred on the relationship between banker and customer in which the banker acted primarily as custodian of deposits and good advisor. The virtues required for this way of life were consistent with those required for the community as a whole, and they included the virtues of justice, practical wisdom and truthfulness. Traditional banking was also characterised by disapprobation of certain specific vices including recklessness, greed and impatience. The tradition of banking in Scotland was supported by institutional structures which the tradition itself had developed and these included the banks which carried on the practice directly and the Chartered Institute which supported the handing on of the tradition through formal training, qualification and membership.

The tradition of banking in Scotland was in no sense perfect, but it was at least stable and coherent, with a view of goods and virtues which was consistent with the communities which it sought to serve; this in turn offered a coherent way of life for the banker.

The evidence of this thesis shows how the tradition of banking in Scotland as it developed up until the 1980s was disrupted in the move to new banking. It shows how banking was reduced and marginalised as a coherent profession and as a way of life. The processes through which this happened included the fragmentation of the profession itself, the loss of qualification structures, the growth of large diversified institutions and the loss of underlying social structures.

The ethics of the conduct of banking in Scotland as understood by traditional bankers collapsed long before the banking system itself did in 2007/8. The service culture of old banking was replaced by the sales culture of new banking, and skills such as selling and entrepreneurship replaced virtues such as truthfulness and good sense. This is not to say that the ethics of traditional bankers themselves also collapsed, and

there are several stories to show that bankers who were ‘born and bred’ in old banking were able to exercise constancy in resisting the institutional pressures of new banking, by adhering to the standards of their tradition. However, It is clear that resistance from traditional bankers was neither strong enough nor unanimous enough to prevent a very rapid erosion of standards.<sup>50</sup>

## **7.7 Ethics in the situation of new banking**

Just as MacIntyre’s thinking about goods and virtues in the context of practices and traditions gives a useful platform for an understanding of the ethics of the tradition of banking in Scotland, so it also gives a basis for understanding the corruption of the practice. During the 1990s, banking in Scotland fragmented as a practice, and the way of life of the traditional banker disappeared. The goods of excellence were displaced by the goods of effectiveness, and this process of displacement is understood as such by the participants to the research conversations.

It is in part understood by them as the corrupting power of institutions, but never in the absence of other causes. Whereas for MacIntyre practices are vulnerable to the inherent acquisitiveness of the institutions created to support them, for this group of participants there was no inherent tension between traditional banks and traditional banking. They acknowledge that corrosive power has been transmitted through organisations, but they look for its origins elsewhere. Most see it as an invasion of new ideas from outside the banks, whether that be new kinds of generic business managers running banks, or the influence of consultants or investment bankers, politicians or regulators.

What is not in dispute among those who are committed to traditional banking is that the erosion of ethics in banking was caused by the arrival of new banking, a term which has been adopted in this thesis following the usage by P1 of the phrases ‘old bank’

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<sup>50</sup> This raises the question of why the tradition of old banking in Scotland capitulated so completely in the space of around 15 years (c.1986 – c.2001). An investigation of the wider social and economic causes of that collapse is beyond the scope of this study, but there are clues even within the findings presented here as to why this might have happened. The tradition of banking in Scotland appears to have already been in a weakened state before it encountered the full force of new banking. Old banking had developed within and relied on social structures of community and kirk which themselves were already greatly changed before the 1990s. The historic ‘Agreement of Understandings’ (C1:13), which had previously kept Scottish banking largely separate from English banking, had to some extent insulated Scottish banking from new forms of international capitalism up until the deregulation of the UK banking system 1986, which made traditional banking impossible to sustain by the early 1990s (Section 4.3).

'new bank'. New banking consists of an entirely new way of doing banking such that banks became entrepreneurial, risk-taking businesses, the profession of banking was subordinated to managerial prerogative, and banks themselves became large multinational diversified financial groups, rather than anything recognisable as retail banks in the traditional sense.

Borrowing MacIntyre's language, we might say that in the context of advanced capitalism, where banks are run as competitive diversified businesses which subordinate what was once a coherent practice to their own institutional goals, it is not surprising that those banks should fail to provide anything resembling coherent ethics. And this, in a slightly different language, is also how the adherents of old banking speak of it. For them, the ethical failures of new banking are multi-layered and self-reinforcing. The bonus culture, the sales culture, an obsession with growth, an ignorance of the nuts and bolts of banking at the most senior levels, an ignorance of the nature and value of the customer relationship, loss of professional coherence, loss of qualifications and status, recklessness, greed and impatience: all these go hand in hand to describe a system which is systematically unethical by the standards of the tradition of old banking in Scotland.

## **7.8 Practical implications**

The tradition of Scottish banking which is described in this thesis as 'old banking' is an important source of moral philosophy in practice, for instance with regard to the virtues of justice, truthfulness and patience, which rested on what was once a coherent system of social structures and a clear idea of the goods of the communities which it served (Sections 5.9 - 5.12 and Section 6.6). This former moral framework has been largely dismantled as a live practice, and appears to be only active at the margins of the finance industry. Nevertheless, the virtues which the tradition embodied remain important if an ethically robust banking system is to be re-established.

By contrast, it is difficult to see how new banking can supply an alternative to this moral framework. The problems of new banking are large scale and structural. There is no unifying professional practice either at the heart of the large diversified international banks or in charge of them, and correspondingly there is no reliable means of inculcating future leaders of those banks with the virtues necessary to avoid further ethical failures. Although there is interest from the larger banks in trying to re-establish trust and reputation, it is clear from the current thesis that the reputation of old banking

was dependent on a well-ordered tradition which new banking cannot replicate in its current form.

This implies that the re-establishment of the authority of the tradition is essential to rebuilding ethics in banking. The work of trying to re-establish this kind of authority – one which is very different from the structural authority of chief executives – may best be pursued by senior members of the profession championing robust training and standards through bodies such as the Chartered Banker Institute. However, it is also clear from this study that currently there is a power imbalance in the sector, which continues to subordinate the authority of the tradition to the goals of the largest financial institutions. So long as the finance industry is dominated by large diversified corporations driven first and foremost by the need to grow the profits of their shareholders rather than the desire to pursue excellence in customer service, this power imbalance will remain an obstacle. This is not in itself an argument for reform of the legal constitution of the banks, but it does clearly call for a shift in the balance of power, so that the profession itself is no longer dominated by impatient capital.

Another key implication of the study concerns the role of the generalist manager. That banks came to be run by people who were not bankers emerges as a major contributor to the ethical problems experienced in the sector and to the lack of good leadership. The research has demonstrated that in the context of Scottish banking a close connection between ‘technical and moral excellence’ in leadership (Ciulla, 2005) was essential to the stability of the sector as it was up until the 1980s. Thereafter the two began to diverge, and the new leaders of banks in the 1990s and 2000s increasingly lacked both technical and moral excellence. This trend not only concerned outsiders who lacked adequate understandings of banking systems moving into leadership positions. It also concerned the fast-tracking of generalist managers who lacked an adequate moral grounding in the practice through apprenticeship.

The point about the ascendancy of the expert generalist manager over the time-served professional leader is related to the culture of entrepreneurial capitalism, but is also distinct from it. MacIntyre (2007) sees the problem of managerialism as a central theme across a wide range of national organisational and bureaucratic cultures. In 2013 the Co-op Bank in the UK announced a capital shortfall of £1.5bn, a crisis largely of its own making which was due to failings in leadership (Kelly, 2014). This near failure of a large national bank, constituted as a mutual, is ample warning that the prevalence of the western economy joint stock model is not the only problem.

This observation about the role of leadership in the disintegration of banking means that there are significant distinctions to be drawn between the functions of generic

management and the exercise of leadership in positions of power. There is recognition by participants in this study that generic management skills are needed for the administration of complex organisations; it is not in this sense that generic organisational management was a key contributor the banking crisis. It was the role of the generalist manager as senior leader that created the problem. The idea that people can be trained not only to be managers in a generic sense, but also to be leaders in that same sense, has become a central assumption of many business schools<sup>51</sup>. It is an assumption which has been a large contributor to the financial crisis.

The current thesis may have implications for areas of public life beyond banking. In the area of policing, the UK government (Home Office, 2014) proposes changing the rules for promotion in the police force to allow direct entry by general managers to the rank of superintendent, bypassing the current system of developing leaders within the profession. The government aims thereby to 'enable modern management practices in line with practices elsewhere in the public sector and wider economy' (Home Office, 2014, p.7). The conclusions of this research indicate that this may be unwise.

## **7.9 Limitations of the study**

This study has pursued a MacIntyrean enquiry, and this implies certain important limitations in respect of method and findings.

This research makes use of the idea of traditions at a number of levels, including the commitment that the current enquiry itself is tradition-constituted. This entails an explicit stance within a particular tradition from which the enquiry is conducted, and, since the actual tradition concerned is a MacIntyrean one<sup>52</sup> and not, for instance a genealogical one, my own stance as the researcher is also explicit. I have approached all aspects of the research as a student of an Aristotelian tradition, and have made no attempt to step outside of it. One consequence of this is that I have consciously set aside a range of alternative traditions of enquiry which could have been followed. For instance, this research has not attempted to pursue contemporary leadership theories such as authentic leadership or transformational leadership, only to acknowledge their

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<sup>51</sup> Harvard Business School (2014) give their mission as: 'We educate leaders who make a difference in the world'.

<sup>52</sup> This is not to impose on MacIntyre the idea that there is such a thing as the MacIntyrean tradition, only to claim to be working within an Aristotelian tradition mediated by MacIntyre, one which is well enough defined for others in the field to explicitly recognise and pursue 'MacIntyrean enquiry'.



appearance in the conversations where appropriate, nor has there been any attempt to pursue alternative traditions in ethics, such as deontological or consequentialist ones.

This research is interpretive in a sense of interpretation which owes much to Gadamer. One potential criticism of Gadamer's picture of interpretation is that there is no anchoring of truth in reality; it is interpretation 'all the way down' (Wachterhauser, 2002, p.53). MacIntyre is less vulnerable to such a complaint, and the epistemology of this research holds to the idea that there is an external reality to which all our interpretations are answerable. Nevertheless, it is a clear limitation of this study that it is dependent on acts of interpretation in repeated turns of the hermeneutic circle. The key external points of reference for approaching the truth in the context of this study are on the one hand the Aristotelian literature, and on the other the speech of the participants in the research conversations. At all stages, this process depends on the interpretation of the researcher, and at all stages other interpretations by other researchers would have been possible. In Gadamer's terms, I am identified and limited by my own assumptions, and those assumptions form the basis for my acts of interpretation.

Ten interview transcripts form the empirical data which is the subject of this interpretive process. Those ten conversations have been conducted with participants who have been self-selecting in response to informal enquiries made by the researcher. There has been no attempt to produce data which is quantifiable or statistically significant, and it has been an explicit aim of the research to speak to people who are either long-standing Scottish bankers or who are closely connected with their professional body. A number of different routes were taken to finding people willing to spend time in conversation, and there is variability in the sample in terms of, for instance, career histories and degrees of affiliation to traditional banking in Scotland. However, the group remains self-defining, and no claims are made about the ability of this group to represent any wider population.

A final limitation of this research is that its conclusions must remain provisional and incomplete. This limitation is inescapable in hermeneutic and interpretive research. It is also in keeping with MacIntyre's understanding of the limitations of social science. This research aims to provide a characterising narrative of Scottish banking which is persuasive, but open to challenge. Counter-narratives could be produced, for instance by talking to different groups, or by approaching the same group from a different theoretical perspective.

### **7.10 Indications for future research**

A number of potential directions for future research are suggested by the contributions of the current thesis. Three in particular may be fruitful: further exploration of the link between Gadamer's and MacIntyre's philosophical works; further exploration of the notion of tradition in empirical enquiry in organisation theory; and the investigation of the problem of managerialism disconnected from practice.

This research has attempted to develop MacIntyrean enquiry by combining his thinking on the procedures of moral philosophy with Gadamer's thinking on the procedures of hermeneutics. This has yielded some valuable insights in practice for the conduct of this research. However, the linking of these two different philosophies is provisional and tentative. It is suggested that this line of enquiry should be continued, particularly from a theoretical perspective, in order to establish some wider agreement on the value of such a programme in dialogue with other students of MacIntyre and Gadamer.

This thesis has demonstrated the value of focusing on the central place of tradition in MacIntyre's philosophy when conducting empirical enquiry. This contribution has the potential to enhance current work in organisation studies by drawing attention to the need to understand practices and institutions in the context of their histories and wider social structures. Further empirical work could continue this development, seeking ways to locate current practices in their relevant traditions.

The thesis has identified the rise of the general manager as problematic in the leadership of banking; one of the recurring themes of the decline of standards of professional practice in banking in Scotland has been that leaders who were not fully grounded in the profession lacked the necessary practical wisdom and technical capabilities to lead well and that these deficiencies contributed directly to ethical and financial failure. If this has been true of banking in Scotland, it suggests the possibility of investigating whether other occupational sectors such as policing, medicine, law or the armed forces are vulnerable to a loss of professional standards in a similar fashion.

# Appendix 1: Interview plan

[This appendix illustrates the framework used in interviews. Interviews here are best characterised as conversations, in line with methodology developed from Gadamer. However, an initial structure is nevertheless provided, which acts as a basic guide for the conversation. The structure represented here is the result of a sequence of developments beginning with initial scoping of a structure with detailed questions, piloting of this structure in three full interviews, and review with the supervision team. As a result of this piloting and review process, together with further reading of Gadamer, the resulting structure below is now relatively open, simple and flexible.]

## Interview Plan

The interview framework fall into four main sections:

- Career history
- Admired / un-admired leaders
- Ethical challenges
- Looking to the future

The timing and sequencing of these sections is flexible, though it is anticipated that career history will be a natural place to start. The direction of the questioning will depend on the position of the participant, for instance on whether he or she is retired or not. This applies throughout, but mainly to the first and last sections. The following sub-questions are for illustration purposes and are not intended to be asked verbatim.

### Career History

Could you begin by giving me a brief outline of your career to date? or  
Could you begin by giving me a brief outline of your career?

Follow up questions and prompts:

What were your reasons for x (such and such a career move or action or decision)?

What were you trying to achieve at that time?

What made x a good thing (or a bad thing or right or wrong)?

Were you happy doing x?

In what ways has yours been a rewarding career?

In what ways have you developed that you couldn't have done in other kinds of jobs?

How important was organisational position to you compared to the nature of the work?

Do you feel you could have been similarly successful in some other walk of life?

### Admired / un-admired leaders

Can you think of a leader or leaders who you have worked with who you have particularly admired? (And / or can you think of one who you particularly did not admire?)

Follow up questions and prompts:

What was it about them that you admired (or didn't)?

Do you think other people felt the same way about them as you did?

How has that affected your own leadership?

Were they successful?

### Ethical challenges

Thinking about your role as a leader, have there been times that you have faced ethical challenges? (Or what regrets do you have?)

Follow up questions and prompts:

Have there been occasions when others - the company perhaps - or Board members or other managers - were asking you to do something you thought was wrong?

How did you deal with this?

How did you weigh things up? What reasons did you have for acting in the way that you did?

Or were there times you thought you were doing something particularly right - a good thing to do - something you are proud of?

Is there a difference for you between doing something successfully and doing it well?

What do you think makes for ethical leadership? (Or what do you think makes a leader good rather than just effective?)

### Looking to the future

Where do you plan to go from here? Or what do you think the future holds for your organisation / banking.

Follow up questions and prompts:

Why do you think that might be valuable?

Why do you think that might happen?

What barriers do you foresee?

### Offering views in a real conversation

Because this interview format is based on Gadamer's idea of a genuine conversation, the above questions are only provisional, and equally important is the way that the researcher follows through on topics raised by the research participant. These are often in the form of further questions not listed above, or in the form of views offered by the researcher. In either case, it is explicit that the researcher takes seriously the views offered by the participant and offers views in return. In this way the conversation is intended to progress well beyond the basic framework of questions set out above.

## Appendix 2: Coding samples

[The following diagrams show provisional mapping of sub-themes to overarching themes. These structures predate the final analysis in the thesis, and are shown only to illustrate process.]

### Narrative structure by theme

|                         |  |
|-------------------------|--|
| Practice                | <ul style="list-style-type: none"> <li>Advisor (community)</li> <li>Apprenticeship</li> <li>Customers</li> <li>Decline of practice</li> <li>Disaggregation of practice</li> <li>Institution</li> <li>Internal and external goods</li> <li>Poiesis (innovation)</li> <li>Practice gap</li> <li>Practices (moving between them)</li> <li>Qualifications</li> <li>Resistance</li> <li>Specialism and generalism</li> <li>Standards</li> <li>Techne</li> </ul> |
| Tradition               | <ul style="list-style-type: none"> <li>Authority</li> <li>Community</li> <li>Conflict and decline</li> <li>Confusion and contradiction (borderlands?)</li> <li>Crisis in tradition (sales culture)</li> <li>Decline and defeat of tradition</li> <li>Disillusionment</li> <li>Sales culture</li> <li>Structures and agency</li> <li>Visibility, blindness</li> </ul>   |
| Virtue / vice and telos | <ul style="list-style-type: none"> <li>Arrogance</li> <li>Constancy</li> <li>Discomfort</li> <li>Eudaimonia</li> <li>Friendship</li> <li>Joy</li> <li>Phronesis</li> <li>Telos</li> <li>Truthfulness</li> <li>Virtue, principles and exemplars</li> </ul>  |
| Effectiveness           | <ul style="list-style-type: none"> <li>Power and control</li> <li>Predation</li> <li>Strong leadership</li> </ul>  |

### Narrative structure by chronology

|                     |   |
|---------------------|---|
| Before deregulation | <ul style="list-style-type: none"> <li>Advisor (community)</li> <li>Apprenticeship</li> <li>Authority</li> <li>Community</li> <li>Customers</li> <li>Eudaimonia</li> <li>Joy</li> <li>Phronesis</li> <li>Qualifications</li> <li>Techne</li> <li>Telos</li> <li>Truthfulness</li> <li>Virtue, principles and exemplars</li> </ul>   |
| Post deregulation   | <ul style="list-style-type: none"> <li>Conflict and decline</li> <li>Sales culture</li> <li>Decline of practice</li> <li>Constancy</li> <li>Discomfort</li> <li>Disaggregation of practice</li> <li>Institution</li> <li>Poiesis (innovation)</li> <li>Practices (moving between them)</li> <li>Resistance</li> <li>Specialism and generalism</li> <li>Standards</li> </ul> |
| Crisis              | <ul style="list-style-type: none"> <li>Arrogance</li> <li>Confusion and contradiction (borderlands?)</li> <li>Crisis in tradition (sales culture)</li> <li>Decline and defeat of tradition</li> <li>Disillusionment</li> <li>Power and control</li> <li>Practice gap</li> <li>Predation</li> <li>Strong leadership</li> </ul>   |
| Throughout          | <ul style="list-style-type: none"> <li>Friendship</li> <li>Internal and external goods</li> <li>Structures and agency</li> <li>Visibility, blindness</li> </ul>   |

[The following table shows the format for coding transcripts of primary data. The master document from which this sample is taken runs to 205 pages, 104,426 words.]

|   |  |
|---|--|
| <p>P: But I wouldn't say that any of these guys did anything like what's expected of leaders today in terms of; you must put up great big slogans on the wall and say: "This bank is wonderful, so repeat after me, this bank is wonderful," you know. They just kind of did it. The best way to describe it is probably it was intuitive. And I think that was a consequence of the way everybody was kind of brought through the ranks in those days. It just was all part of the culture, and that was the way people were. Some people were a wee bit more aloof as I say than others, but generally speaking everyone was of the same sort of ilk, and would approach things in the same sort of way and from the same sort of background. And I think that - over a period of time you just absorbed all that, and you took these messages, as whether they were more subliminal than overt, but you actually just took them, and that's the way you kind of behaved as a result. You kind of knew what was - a sense of what was right and what was wrong. [22:19]</p> | <p>Leadership<br/>Transformational<br/>Leadership<br/>Vision<br/>Embodiment of<br/>authority<br/>Tradition<br/>Culture<br/>Value</p> <p>Inbred (imbued)<br/>Practical Wisdom<br/>Justice<br/>Tradition</p> |
| <p>R: Yes. You described the first manager there as not being traditional banking stock, but they all share a similar approach, they all share idea of what banking's about. So that's really more kind of socially he's not from the usual group.</p>  |  |
| <p>P: Yes.</p>  |  |
| <p>R: And does that come to an end at a given point, that sort of run of senior leaders who are ...</p>   | <p>Leadership</p>  |
| <p>P: Yes, yes it does. Yes, I think that's a very good question. That hits the nail on the head. I think the ... I think I would probably characterise it a slightly different way, in a way that you can sort of, I can see and feel in the way things were being dealt with. I mean for example when I was working in that first branch and thereafter, the whole ethos as far as the customers were concerned was that you respond to what the customer's asking for. And it was when it switched from not just that, but let's actually persuade the customer that they would really quite like something that they hadn't thought that they would want before they came in. That's the sea change at that stage. And that just happened to coincide with a change in the make-up of leadership, if you like, in the organisation at the top level, from those who had been right through the organisation, to those who were brought in more recently.</p>  | <p>2 Traditions</p> <p>Customer service</p> <p>Sales</p> <p>Change (crisis)<br/>Tradition<br/>Apprenticeship<br/>Non-practitioner</p>  |

## Appendix 3: Sample interpretive commentaries

[The sample pages of interpretive commentary shown here are taken from two conversations. They are intended to illustrate the kind of process undertaken in producing the commentaries, including the way that the themes which are articulated here influenced the final interpretation shown in the main text of the thesis. A commentary was produced for each conversation and line referenced to the original transcripts. (These line references are not used in the thesis and have been removed from this excerpt.) The total length of the commentaries runs to 128 pages, 71,940 words.]

### Sample from C1: 3

P1 regards 'non-bankers' running banks as a major problem. It is not always clear which of three possible things 'non-banker' means: someone who does not hold a formal Chartered Institute qualification; someone who is not a banker 'born and bred' - who hasn't spent a sufficient apprenticeship in banking; or someone who does not understand banking from the inside. These latter two categories are closely tied to the MacIntyrean notion of a practitioner; someone who is a member of a practice is so, not because of any formal qualification although a qualification or other right of passage might be an outward sign of membership, but because they are sufficiently immersed in the practice to understand the goods internal to it. There are good reasons why these distinctions should be fuzzy in the speech of P1 and other senior figures in the Institute, not least because to acknowledge that someone can hold the Institute's qualifications and have a poor understanding of the goods of banking might be thought to undermine the value of those qualifications.

The contrast between real bankers on the one hand and MBAs / chartered accountants on the other is clear for P1. It is of course a huge over-simplification (see for instance the interview with J1, himself a good example of someone who is a graduate of a business degree, very clearly a 'full fat' banker, and also holds an MBA). The phrase 'they brought the chartered accountants and masters of business administration' begins to be mocking in tone. 'Masters of business administration' in particular, could have been put in a number of other ways ('MBAs', or 'business school graduates' etc.) which do not so vividly recall popular business book titles including the phrase 'masters of the universe' or the more recent book 'Masters of Nothing'. (C1: 3)

Attempts by the researcher here and elsewhere to have a real conversation are at times clumsy, but are at least genuine, and help to build some rapport. Gadamer, MacIntyre, and Kerr and Robinson occur at several points in the conversation. P1's interest in any of them is only polite. The researcher's purpose in mentioning them at various points is partly deferential and partly defensive: he is acknowledging P1's superior academic standing, and also insulating himself from criticism by reciting sources. The article by Kerr and Robinson (2011) is broadly relevant here, and becomes more particularly relevant later. In terms of Gadamer's notion of a real conversation, the researcher is being explicit about his prejudgements and offering them for rebuttal, albeit with a degree of defensive protection. P1 does not in fact rebut the basic assessment of cultural change as being the erosion of the 'conservative old guard - traditional Scottish bankers'. One of the consequences of the researcher's contribution at this point is to establish a level of agreement on this basic account, which frees P1 to elaborate further on the point. (C1: 3)



P1 is free in his criticism of business school mindsets and jargon. His account of the arrival of the 'chartered accountants and masters of business administration' has several interesting elements: it is pejorative in tone - 'they were big into all this stuff...'; part of the defence at the time in introducing these outsiders was that they would contribute and then go away again; there was a more or less explicit antipathy between 'old bank' and 'new bank'; and that hostility (at least as felt by P1) was partly based on suspicion on both sides. P1 does not articulate it very clearly, but as the two cultures begin to create friction between them, both groups are suspicious of each other and each group regards the other group as possessed of an expertise that they do not understand or do not value. From P1's point of view, this results in an undermining of the Institute and the professional ethics which it represents. He does not particularly distinguish between the organisational priorities of the institution (the Institute), the needs of the profession, the needs of the banks and ethics. For him good ethics and professionalism go hand in hand, and both are upheld by the Institute, whose function it is to do so.

### **Sample from C1: 33-36**

The researcher challenges the tenor of J's account, in particular the idea that P2 appears not to blame key leaders for the focus on institutional effectiveness at the expense of the goods of the practice.

J's response is to emphasise that this was a collective approach. Leadership is not dismissed, but particular leaders are not regarded as an originating cause. Rather there were inevitable forces at play which implied change and which were taken forward by a wide range of players over an extended period of time. From the point of view of the apparent disintegration of a tradition, this could be explained as symptomatic of tradition dynamics: inasmuch as a tradition is a complex social convention extended over generations with an assumption of practice and with some guiding authority at its core, then the dismantling of a tradition cannot be accomplished by one or two individuals, but rather must be accomplished over an extended period and comprise a large number of people and groups from within as well as from without the tradition. This is something that is perhaps not greatly articulated in MacIntyre's work: that when a tradition accepts that it does not have adequate resources to answer its own problems and therefore adopts solutions from outside of itself, it might thereby ingest the seeds of its own disintegration, rather than, as it were, taking a restorative remedy.

P2 gives a key description of the way that the 'ethical cultural things of banking' were transmitted. They had never been explicitly stated. This is not only because they didn't need to be (they were not then seriously challenged within the practice), but in a sense they couldn't be, because they were assumed. (Cf. Gadamer; it is our assumptions which make us who we are and none more so, one might add, than those assumptions which are most unconscious, least explicit.) It is only in the light of a later different culture, that the old culture could be articulated, as it is extinguished. In articulating this, P2 also articulates the sense of practice gap: 'I haven't actually been challenged - it would have been challenging - to articulate that thirty years ago, because it's only now that you kind of realise that that was the way it was, because it changed so much in the meantime.' What was lost is now made apparent by its absence.

The researcher, in putting the next question, also asks for confirmation of a view of the practice gap, that the 'tradition of banking as a profession and as a way of life ... has

largely been dismantled...' P2 confirms the diagnosis, and in doing so expresses what appears to be the core of his own idea of leadership.

The kind of leadership which P2 now looks for might best be described as 'prohairetic'. In his own words: 'you'd actually have to make some quite distinctive decisions, make some quite clear choices about things'. And he locates the issue of sales culture as the battleground. There is an emphasis on decision and will. 'If a given bank just said; as from Monday, all these things will cease to be...' P2 returns to this theme and tone on p.11.

He describes the problem in terms of strife, referring to difficulties created by the scale of the institutions concerned and the socialisation of a whole generation into the sales culture (i.e. a culture of effectiveness). He sees this as a conflict between sales culture and service culture, and thinks that the protagonists of the sales culture need to be defeated. Leadership here requires the re-establishment of authority on behalf of the practice and the tradition, in order to cut through the forces generated by target driven behaviours.

The researcher turns to the question of community goods. This is a theme which has lain in the background for much of J's account so far, and the researcher asks a relatively provocative question - the people who set up the ASB had a clear sense of purpose and the good of the community: 'There's no sense of that is there now really?' P2 rises to this and insists that here at least (at ASB) this ethic is still alive. There is a clear service culture, based on customer relationships.

P2 now embarks on not only a defence of his own institution and its championing of the practice of banking, but also describes the goods of banking and does so largely in terms of the good of the community. This articulation comprises a number of features which can be listed:

- the basic idea of the goods and purposes of banking as a practice were held in common by bankers who are brought up in the tradition;
- bankers were there to serve the customer and not take any risks;
- they strictly delimited their areas of competence - not equity, not mortgages, not life assurance, etc.;
- banking was there to provide a safe home for people's money, to lend people money on a sensible basis, and to help with trade;

In articulating the goods of banking in this way, he acknowledges that one of the reasons that ASB has held on to this notion of goods is the close connection between the Board of Trustees and the local community. The scale of the operation is seen as integral to the ability of this institution to be able to maintain its prioritisation of community goods.

## Appendix 4: Sample reflective log

[A reflective log was kept from April 2013 to May 2014 in order to record the researcher's thoughts on the primary data, on the literature and on the research process itself. Activity in the log was variable, and it was less used during those periods when more intensive writing was being undertaken in other documents, such as the interpretive commentaries or writing and re-writing of the thesis itself. The sample entries from the log shown here (17 November 2013 to 17 January 2014) illustrate some of the ways that ideas were formulated in the processes of interpreting and comparing key authors. The total length of the log runs to 35 pages, 21,349 words. The style of writing is informal and referencing is not always to standard.]

17 Nov

Charles (1984) on Aristotle's practical syllogism. See also Irwin's critique of MacIntyre. I'm not convinced by Charles' argument at p.91 ff. He seems to dismiss the possibility that the conclusion of a practical syllogism is both a proposition and an action. He comes down on the side (and he admits that it's a close run thing) of favouring the interpretation that the conclusion to a practical syllogism according to Aristotle is a proposition and not an action. This seems to do violence to both streams of quotations which he uses on either side of the argument. It seems clear that what Aristotle is interested in is an attempted action which is the result of the practical syllogism. A practical syllogism which does not result in attempted action is clearly incomplete. Charles solves this by saying that the proposition may mean either the proposition or the content (subject) of the proposition, but it seems a rather specious distinction. Perhaps Aristotle was struggling with the language somewhat, but if it lacks the minute precision required by Charles, then Aristotle himself has warned us against trying to be over-precise. The point Aristotle is making clear from the examples given: the conclusion of a practical syllogism is an action, unless that action is hindered or frustrated by some external force. In other words it is the attempt at the action which counts. Let's say I decide to murder Eric with a shotgun. I have the gun, I aim, I pull the trigger, but for some reason the gun doesn't go off or someone jogs my arm and I miss. The practical syllogism is unaffected; I attempted murder and that's what counts as the outcome of the practical syllogism. This is quite different from the case where I decide to shoot Eric, I get my gun and drive to his house, but on the way think better of it, and turn back. In this case the practical syllogism has turned out differently: I have not attempted murder. The proposition 'I'm going to murder Eric' might have been uttered or thought in either case, but the conclusion of the practical syllogism is different in the first case compared to the second. The action, or attempted action is what counts, not the proposition.

So I am with MacIntyre on this contra Irwin.

It has consequences for research method and particularly for analysis. What we are interested in is particularly stories of actions taken or attempted, even if those stories are in the background. So where one banker has actually moved companies or changed jobs in order to preserve the goods of the practice in preference to pursuing the goods of the institution, this duly concluded practical syllogism carries weight of a quite different order from verbalised propositions such as, 'I don't think we should be doing that sort of thing.'

26 Nov

Hackman (2003): helpful stuff about levels, but the really interesting thing is the idea of 'grand reductionism' which is 'the bedrock of science'. This is the idea that there are

simple universal laws to which all other laws may be reduced. Ouch! It appears then that I'm not doing social science.

27 Nov

Here's a problem with internal goods of the practice....

"We call them internal for two reasons: first, as I have already suggested, because we can only specify them in terms of chess or some other game of that specific kind and by means of examples from such games (otherwise the meagreness of our vocabulary for speaking of such goods forces us into such devices as my own resort to writing of 'a certain highly particular kind of'); and secondly because they can only be identified and recognized by the experience of participating in the practice in question. Those who lack the relevant experience are incompetent thereby as judges of internal goods." (MacIntyre, 2007, 188-9)

If the virtues can be gained from sailing or farming or family life or any one of a number of other virtues, then they cannot be internal goods of this sort. Surely we want to be able to say that courage, for instance, is a virtue which not only can be acquired in all manner of different practices (of like kinds or not), but which is also recognisable as a good by other people from different practices. This means that virtues are not internal goods of the sort which MacIntyre describes. But they are not typical external goods either, since they are not competitive goods.

There is a similar difficulty on the other side. We know that winning Wimbledon is a competitive good, but it is also internal to the practice, inasmuch as the Wimbledon trophy is a good which cannot possibly be acquired through anything other than excellence in the practice of tennis, assuming that Wimbledon is a well-regulated agon. We can distinguish here between excellence and the trophy, by saying that the trophy is an outward sign of the excellence of the best player, but that presupposes that we already understand the idea of 'outward'.

1 Dec

Solomon's ideas of Aristotelian ethics and the firm are somewhat similar and somewhat different to MacIntyre's. This needs to be synthesised properly for the lit review, but initial thoughts are:

'Community' needs to be reintroduced as a theme, perhaps as part of social structures. Solomon rightly makes the argument that firms are communities; if we need convincing of this, then we need only look at the literature on corporate culture. However, the question will then arise between Solomon and MacIntyre as to what sort of community. Solomon is warm and fuzzy on this question, MacIntyre more pessimistic and more clear. Solomon does not begin to make the distinction between practices and institutions, and his portrait seems at times overly optimistic. Would a slave plantation count as a community? My feeling would be not. Community might develop on the one side among the slaves, and on the other side among the slavers; but there can be no overall community of the plantation to include both, because a community cannot be founded on coercion or exploitation.

Solomon regards business as a practice. In doing so, he is not following MacIntyre's idea of practices of course, but he is still overly optimistic in viewing 'business as a human institution in service to humans' (p.1024). The obvious question of exploitation arises: who is in service and to whom? S's idea of business as community works fine for, say, a workers' cooperative.

I am more convinced by Solomon's argument for the agency of the firm, not denying also the agency of individuals within the firm. The point is that if the firm is without moral agency, then it is without moral responsibility. Here's a simple test. Was Athens guilty of genocide in Miletus? If the question makes sense, then the idea of Athens being guilty makes sense. Oh I don't know. I don't believe it. Athens can't feel guilty,

and neither can Proctor and Gamble. Without moral sensibility, there can be no morality, likewise no morality without rationality. RBS has no faculty of human rationality, compassion or remorse, it only has the decision making capacities and processes of various persons and groups at various times and places. This comes down to metaphysics. If one thinks that human beings are invested with a peculiar faculty which makes them moral agents because of that peculiar faculty (call it, say, human rationality) then only someone with that faculty can be a moral agent. Again, I think MacIntyre has this better; communities are bearers of traditions, and as such create the social structures which make moral agency possible. The link between agency and social structure is thus far clear; if we then think of social structures themselves as moral agents, then we again fall into confusion. Solomon emphasises trust as an essential ingredient of the community. In doing so he elevates trust as well as trustworthiness to the status of a virtue. This can't be right. Trustworthiness is the virtue, trust the response. Trust is essential, of course, but so is communication. That doesn't make it a virtue. The nearest virtue would be something like 'trustingness', a settled disposition to be trusting, but this would be a dubious virtue, as Solomon himself points out on p.1039.

Foot on the virtues (Virtues and Vices, Ch 1)

She has a number of interesting moves in this short chapter. Best just to list them:

- She tries to develop a more modern idea of virtue as moral virtue by relating it to the will; this is difficult, and only partially successful, I think.
- Wisdom is contrasted with cleverness, because wisdom has only good ends in view, and, moreover ends for human life in general rather than ends of particular arts.
- Further, wisdom must be attainable by anyone of any ordinary intellect, without special training, and this is a general principle of moral virtues. People can be wise without being clever.
- Virtues are different from skills, and there is a simple test. In arts and skills, voluntary error is preferable to involuntary error, while in virtues it is the reverse.
- This formulation is possible because skill is a faculty, while virtue is a settled disposition, and because virtue engages the will. [This appears to be related to the idea that virtue cannot work to a bad end. If a bad end is intentionally pursued, then this cannot be virtue operating. The same is not true of a skill. Think of match fixing, which takes great skill.]
- Virtues are corrective; they help to correct inclinations which would lead us to excess or deficiency in some respects.
- Virtues are shown through a kind of facility and easiness - the virtuous person does not constantly struggle to do the right thing. But there are also situations in which struggle, including struggles of the will are an indicator of virtue.
- Virtues operate in unity, and defects may operate to cancel each other out. [Her discussion of this seems incomplete, and she voices the thought that we often admire people who possess some virtues but not others. I think this is easily answered. We suspect those who appear perfect but forgive and accept those whose faults are clear. In doing so, we recognise that judging others to be complete in virtue is a hazardous business, we also recognise that signs of virtue are possible even where perfect virtue is not achieved.]

There is more to be said on this. For instance, there is the idea that complete virtue is an ideal state, seldom encountered in others and never in ourselves. There is also the idea that we can learn virtue from others no matter that they are flawed, otherwise we could never learn virtue at all. So we are still in need of a good formulation of the unity of the virtues, which chimes with Foot's insight.

11 Dec

Wittgenstein on analysis. We are mistaken if we think that by analysing language into its component parts we achieve a form of expression which is more complete, more basic or more exact than the original. Part of the mistake is to suppose that language automatically stands in need of analysis, to think: 'If you only have the unanalysed form you miss the analysis' (Wittgenstein 1967, §63), rather than recognising that the analysed form is a related but different form which stands to gain some things and lose others in comparison with the original. If we are to maintain a hermeneutical process and a narrative one, then 'analysis' may not be appropriate since it implies the breaking down of the original text. Rather we should speak of the interpretation of the text, and seek to maintain its unity. This is not to say that we cannot identify themes associated with passages of text, but these must be related to the text as a whole as well as the parts of the text, and they offer only one possible interpretation amongst others.

Procedure:

1. Transcription to text (confidential)
2. Interpretation with commentary (confidential)
3. Themes and keywords in commentary
4. Themes and keywords in text
5. Grouping of keywords and themes to text
6. Interpretation of text to themes

The above process to be repeated for each text. Stages 4-6 appear in Chapter 'Interpretation', with each text showing separately. Then:

7. Interpretation of themes in dataset.

Chapter 'Findings and discussion' explores these interpretations.

13 Dec

Another thing from Wittgenstein. He argues against atomism as an understanding of language, and alongside this argues against an excessive devotion to rules, in the sense that whilst rules can be formulated to help us to understand what's going on, our use of language does not depend on them. Rules, we might say, are after the fact.

Surely something very similar is going on with ethics. We cannot detach one particle of ethics and examine it absent all the rest, but we can only understand ethics in the contexts of whole lives, communities, histories, traditions and so on. And alongside this, the rules of ethics are useful, but they are after the fact. An inability to formulate a rule is not a sign of moral incoherence, and rules are only expressions of regularities in a complex practice, not an a priori requirement.

So here is what we would say of rules. Rules are our formulation of what is going on in ethics, but the ethics precede the rules. To say that first principles are of the greatest importance is just to say that a good person holds these regularities of behaviour to be most dear. The rules of ethics are part of the grammar of ethics, nothing more.

26 Dec

I ironed out with Johan a way of coding that would be robust, but it all looks shaky again now. The problem is that coding is still a vague and unsatisfactory process, which has the feel of pseudoscience. It's not real language, because it breaks language up and ill-fits its parts, but it pretends to work with language and to make sense of narrative. Imagine someone taking ten cars to pieces in an effort to understand how they work and what they have in common. They number each part

with care, describing and classifying them, and the eventually end up with around 100 categories of parts, which they file all separately in drawers crates and racks. There are fifty tyres in one rack, and next to them the fifty wheels that the tyres came from, and somewhere in a box, fifty valves corresponding to them. Elsewhere there are collections of hundreds of meters of electrical cabling, bulbs, switches and so on. Having disassembled, reassembled and catalogued all these parts, they are now ready to look across the whole collection and come to some judgements about these ten cars as a group, how they work and what they have in common. What nonsense!

29 Dec

Go back and recode for JOY! (Particularly Ts 5 and 6.)

13 Jan

A helpful conversation with Sandra, which brought out the idea of 'respect'. See Clarke (2011)

15 Jan

A very helpful conversation with Julie Crumbley. See her thesis. There are significant areas of commonality, particularly in the process of trying to ensure rigour.

17 Jan

The frustrating thing about interview 10 is the same as the frustrating thing about most others. It is just fantastic script, and it's brilliance is almost bound to be lost in the overall analysis of data. No meta-narrative can possibly do justice to the colour and depth of this one narrative.

This potentially leads to a wider thought.

All meta-narratives are poor substitutes for biographies. By this I mean that an individual's narrative (or that of a narrating group) is always richer and more true to life than any theory which purports to offer some aggregate view. This is why the gospel narrative (for all it is higgledy piggledy and authored by different voices), being biography first and foremost, is more powerful and enduring than any of the theological or credal meta-statements arising from it.

## Appendix 5: Technical note on practice-bearing traditions

Nicholas (2012) explores the idea of tradition in some depth and in doing so attempts to define the term *tradition* for the purposes of his discussion. His procedure is to take extracts from *After Virtue* and *Whose Justice? Which Rationality?* in order to achieve a six part analysis of the idea of tradition. The following extended quotation from Nicholas includes the passage from MacIntyre given in this thesis at Section 2.6, but is worth quoting in full, because it makes Nicholas' procedure clear:

'MacIntyre defines tradition in *Whose Justice? Which Rationality?* (12) as "an argument extended through time in which certain fundamental agreements are defined and redefined in terms of two conflicts: those with critics and enemies external to the tradition who reject all or at least key parts of those fundamental agreements, and those internal, interpretative debates through which the meaning and rationale of the fundamental agreements come to be expressed and by whose progress a tradition is constituted." A tradition includes several features then: (1) a historically and socially situated (2) argument (3) over fundamental agreements with (4) outsiders and (5) insiders, the latter of which can (6) define rational progress within the tradition.' (Nicholas, 2012, p.92)

Nicholas here sets out a baseline, which later brings him to disagree with MacIntyre on the topic of fly fishing. Nicholas is not only committed to the idea of tradition as an argument over fundamental agreements, but he also holds that 'all traditions reflect in some way a cosmology, even if in brief form' (Nicholas, 2012, p.173). Consequently, his use of the term *tradition* 'may be more specialized than MacIntyre's use when he refers to fly-fishing as a tradition without a cosmology' (Nicholas, 2012, p.173)<sup>53</sup>.

There are at least two moves which Nicholas has made which might partly account for the disagreement. First, he takes the passage quoted from *Whose Justice? Which Rationality?* as a definition of the term *tradition*, which it is clearly not. In general MacIntyre is not given to providing definitions, preferring to offer instead characterisations which are appropriate to the discussion in hand. It seems clear that the passage in *Whose Justice? Which Rationality?* is a case in point. The immediate preamble to the quotation from MacIntyre above discusses conflict and concludes that the 'history of any society is thus in key part the history of an extended conflict or set of conflicts. And as it is with societies, so too it is with traditions. A tradition is an argument extended through time...' (MacIntyre, 1988, p.12). MacIntyre's description here is not intended as a definition of tradition, but as a characterisation of the key part played by conflict in the history of traditions.

Second, Nicholas describes a tradition as an argument over fundamental agreements, which is not how MacIntyre describes it in the passage quoted. MacIntyre is clearly interested in the way in which fundamental agreements come to be expressed, refined, developed or refuted through conflict, but there is no assumption here that conflict is *over* those agreements. Conflict might be over all sorts of matters. MacIntyre himself,

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<sup>53</sup> Oddly enough, Nicholas may here also be in dispute with fly fishers themselves, who speak of fly fishing in cosmological terms (Snyder 2007).



later in the same chapter of *Whose Justice? Which Rationality?*, refers to the example of conflict in the Athenian Assembly in 427 BC over the fate of the Mytilenian democrats following the revolt of Mytilene from the Delian League. This is not only a procedural detail, because it goes hand in hand with another key point in MacIntyre's characterisation of conflict in traditions, that the nature of external conflict, where opposing parties might be in dispute over such fundamental agreements, are very different from internal conflicts, where opposing parties might not be similarly in dispute. This of course has direct application in the case of banking in Scotland. External conflict is portrayed as fundamental disagreement over, amongst other things, the importance of the customer relationship compared to sales targets (service culture vs sales culture). Internal conflict accepts the importance of the customer relationship as given, and there is no conflict over this fundamental agreement, only over how it can best be interpreted in the light of new technologies and social structures.

One further difference between Nicholas and MacIntyre is of direct relevance. Nicholas articulates a distinction between traditions of enquiry and cultural traditions and goes on to explore the latter by contrasting Roman Catholicism, Zande witchcraft and Lakota conceptions of land ownership, and these are traditions which are representative to some degree of nations, tribes or peoples. This is of interest in the context of the current thesis, because an occupational culture – Scottish banking - is being explored, and an essential part of it is just its Scottishness, even if this is often in the background rather than foreground of the investigation. However, Nicholas here gives a different emphasis from MacIntyre, who is interested very much in disputes between traditions within particular societies. He is interested in conflicts within Athens, within the Scottish enlightenment, or within medieval Roman Catholic Europe.

The current thesis attempts to adhere as closely as possible to MacIntyre's treatment of traditions, including his emphasis on conflict, whilst acknowledging that the tradition of Scottish banking which is the subject of the thesis is a tradition in a broader sense than a tradition of enquiry.

# Appendix 6: Ethical approval and participant consent form

## Ethical Approval

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mark as unread  
Catherine Armstrong <catherine.armstrong@northumbria.ac.uk>  
Mon 18/06/2012 08:51  
To:

angus.robson;

...

You replied on 18/06/2012 16:52.  
Dear Angus,

I am pleased to advise that the your project entitled 'Ethics in Leadership' has now received ethical approval from the School Research Ethical Approval Panel.

If you have any queries, please let me know.

Many thanks,

Cat

**Cat Armstrong**

Administrator - Funded Research and Consultancy  
**Newcastle Business School**  
Northumbria University  
City Campus East 1 - Room 224  
Newcastle Upon Tyne  
NE1 8ST  
United Kingdom  
Tel: +44 (0) 191 2274162  
Email: [catherine.armstrong@northumbria.ac.uk](mailto:catherine.armstrong@northumbria.ac.uk)

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## Participant Consent Form



### Newcastle Business School Informed Consent Form for research participants

|  |   |
|--|---|
| Title of Study   | Ethics in Leadership  |
| Person(s) conducting the research  | Angus Robson  |
| Programme of study   | PhD   |
| Address of the researcher for correspondence   | Angus Robson<br>Post Graduate Researcher<br>Newcastle Business School<br>Northumbria University<br>City Campus East<br>Newcastle Upon Tyne NE1 8ST  |
| Telephone  | 07714290184   |
| E-mail   | angus.robson@northumbria.ac.uk  |
| Description of the broad nature of the research  | To gather data on experiences of leadership and management in a range of organisational settings.   |
| Description of the involvement expected of participants including the broad nature of questions to be answered or events to be observed or activities to be undertaken, and the expected time commitment | <p>You will be asked to participate in an interview with the researcher which is expected to last from 30 minutes to one hour. Interviews will be semi-structured, flexible and conversational in format, and based on your experiences of leading and / or being led..</p> <p>Interviews will be recorded and transcribed, and you will then be invited to approve the transcript. Anonymity will be assured by changing the names of participants, organisations and people named during the interview in the transcripts, and coding original names to reference numbers which are then stored separately.</p> <p>Confidentiality will be maintained by destroying the original recordings and storing anonymous transcripts securely on computers with hard copies kept in locked cabinets. As part of data analysis and supervision of the research by university staff, anonymised data may be shared with doctoral supervisors and other university researchers to ensure that analysis is well-balanced.</p> <p>Resulting case studies and research papers may reproduce extracts of data gathered, at all times ensuring the anonymity of sources, people and organisations.</p> |

## **Informed Consent Form cont'd.**

Information obtained in this study, including this consent form, will be kept strictly confidential (i.e. will not be passed to others) and anonymous (i.e. individuals and organisations will not be identified *unless this is expressly excluded in the details given above*).

Data obtained through this research may be reproduced and published in a variety of forms and for a variety of audiences related to the broad nature of the research detailed above. It will not be used for purposes other than those outlined above without your permission.

Participation is entirely voluntary and participants may withdraw at any time.

**By signing this consent form, you are indicating that you fully understand the above information and agree to participate in this study on the basis of the above information.**

Participant's signature

Date

Student's signature

Date

*Please keep one copy of this form for your own records*

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